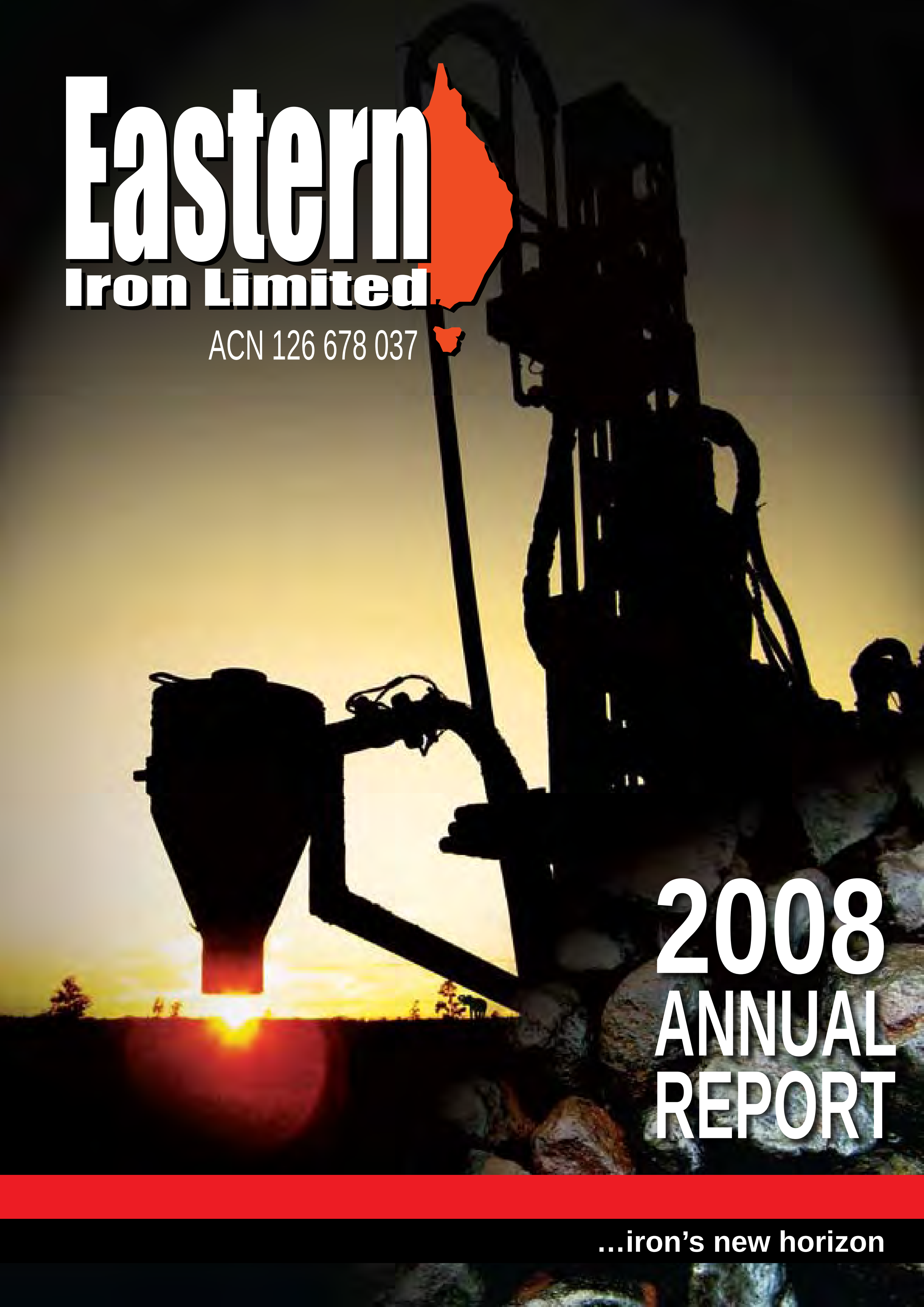


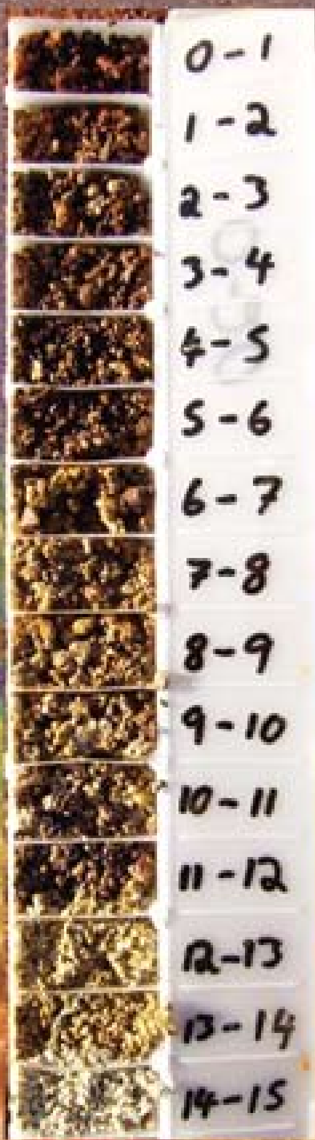
Eastern Iron Limited

ACN 126 678 037

2008 ANNUAL REPORT

...iron's new horizon

Contents



Eastern Iron Limited

In its inaugural year Eastern Iron has:

- Identified Channel Iron ore deposit potential in NSW in more than 1,100 kilometres of palaeochannel target length.
- Completed its capital raising of $5 million and commenced trading on the ASX on 16 May 2008.
- Fulfilled requirements to earn an 80% interest in all 15 exploration licences.
- Commenced exploration drilling on NSW Channel Iron deposits in June 2008 and has completed 4,417 metres of exploration drilling in 288 aircore holes at 15 different prospect areas.
- Outlined an area for resource trial drilling with potential to produce ex-mine products grading approximately 50% iron using simple magnetic separation.
- Signed a Joint Venture agreement with Drysdale Resources to explore prospective palaeochannels close to Cobar rail infrastructure.
- Continued to evaluate a number of exploration and development projects that have the possibility of adding value to Eastern Iron's iron ore assets including the provision of lower tonnage yet higher grade iron blending products.
- Conducted all operations safely and without incident.

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 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 in Australia and overseas on the basis of project technical merit, potential economics, available infrastructure and government policies.
- 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.
- 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.

Chairman's Report

On behalf of the Board of Directors, I take pleasure in presenting Eastern Iron's first Annual Report as a listed company.

Eastern Iron is a new entrant in the ranks of Australian iron ore explorers. We listed on the Australian Securities Exchange in May 2008 having raised $5 million before costs from the investing public. Many of the initial shareholders from the time of the initial public offering have remained with Eastern Iron and as a result will qualify to apply for loyalty options. We would like to thank our shareholders for participating in what promises to be an exciting year ahead.

Since listing we have resumed exploration and process testwork as was outlined in the prospectus and as more fully detailed in this report. An initial drilling program that commenced in late May was delayed in June due to wet weather. The drilling program resumed in August and will continue through till the end of the year. Assay results from the drilling work are expected to start flowing in October and magnetic separation and beneficiation results will follow.

The Board anticipates that the drilling and testwork being undertaken through until Christmas will give us a much clearer idea of the scope for locating Direct Shippable Ore (DSO) on our tenements. The attraction of DSO is that it requires little processing and correspondingly lower capital expenditures to commence production.

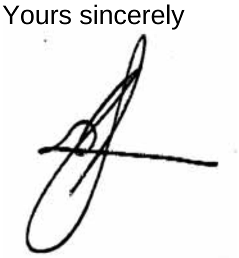
We are regularly asked about the likely timelines we face in the event of exploration success, especially given the close proximity of our tenement to significant rail and port infrastructure. Should we be successful in identifying significant quantities of potentially economic DSO, we will be required to undertake the necessary cultural, environmental and economic/financing studies as well as permitting works, which typically take over 2 years from the date of commencement, perhaps significantly longer. Any non-DSO ore that we identify will likely have a longer timeframe to commercialisation due to the more complex processing route and higher capital and financing costs.

It is important to remind shareholders that the above comments are made to give investors an idea of our views regarding commercially realistic timelines that Eastern Iron faces as well as the fact that exploration success is by no means assured.

In addition to our 15 existing NSW tenements, we have actively evaluated several other possible tenement applications, joint ventures and acquisitions, with two new exploration licence applications made at Cobar. Eastern Iron's first joint venture agreement since listing was recently reached with Drysdale Resources Pty Ltd over an area adjoining our Cobar leases. Our focus in these opportunities remains predominantly on iron ore.

We are looking forward to a ground breaking year of exploration and processing work. Thanks again for your support.

Yours sincerely



Glenn Goodacre
Chairman

EASTERN IRON LIMITED ……….iron's new horizon

As an early mover in iron ore exploration in eastern Australia, Eastern Iron now holds a majority interest in highly prospective areas, well located with respect to existing infrastructure. The Company acquired its strong tenement holding through the project generation expertise of PlatSearch NL, one of our largest shareholders. The basis for the Company's exploration strategy is simple. Channel Iron Deposits (CID), often referred to as "pisolite type" iron ore, are formed by the weathering and alluvial concentration of lateritic (iron-rich) soil material in old river beds (palaeochannels). It is the process of mechanical concentration and chemical upgrading of the lateritic material in the palaeochannels that makes this type of deposit economically important. The exploration targets are large tonnage, easily extractable maghemite deposits in shallow palaeochannels close to public-access rail and road. Eastern Iron's project areas have the potential to meet these criteria and the Company is continuously assessing new areas and opportunities.

Maghemite - Easy-to-explore
The iron in the old river channels (palaeochannels) in NSW is predominantly held within the mineral maghemite, which has the same chemical formula as hematite (Fe_20_3) but with a critical difference - maghemite is magnetic. This property enables the location and delineation of extensive networks of channels to be carried out by specialised processing and interpretation using the high quality aeromagnetic data available from the New South Wales 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. The aeromagnetic data gives a good indication of the location and size potential of the channels.

Maghemite - Easy-to-extract
The palaeochannels are at or close to the surface and generally free-digging which means no or little overburden stripping and no blasting. The palaeochannels generally do not coincide with current drainage systems.

Maghemite - Easy-to-upgrade
Maghemite's magnetic nature not only makes it easy to locate but also amenable to beneficiation using low-cost magnetic separation technology. This makes significant upgrading possible at the mine site. Preliminary test work conducted by Eastern Iron has shown that gravels grading 15-20% iron in the ground can be upgraded to a concentrate of around 50% iron by a single pass through a low cost magnetic separator.

Quality check and beneficiation
The quality of the iron in the palaeochannels is tested using aircore drilling across the width and along the length of most of the channels. Drill samples are assayed for iron content and a range of other alluvial elements such as gold and tin. A second phase of assaying follows magnetic separation and gives a definite test of iron ore quality. These deposits appear to be quite low grade but there are potentially very large tonnages that may be cheaply beneficiated to a saleable product. Work is ongoing to optimise the processing steps to economically produce a readily marketable product.

Close to transport, workforce and markets
Eastern Iron is in a leading position in New South Wales to capitalise on the strength in the iron market by using existing infrastructure for the possible development of a large scale iron ore resource in eastern Australia. All Eastern Iron's tenements are within 100 kilometres of public access rail that lead to the ports of Newcastle and Port Kembla. There is a huge advantage in finding iron ore in eastern Australia because not only is transport available, but the ports have existing excess capacity, and there is a large potential workforce and access to domestic and global markets. Preliminary economic scoping studies are examining the various commercial alternatives open to the Company to process any products and to transport them to the market.

Exploration Strategy

The Company has identified over 1,100 kilometres of iron-rich channel length in its initial 15 exploration licences. A further 58 kilometres of exploration target have been identified within two new exploration licence applications and the Drysdale Joint Venture area. Generation of new targets is continuing and other properties are being assessed based on the tenets of the exploration strategy. The primary focus of the early exploration work is 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.

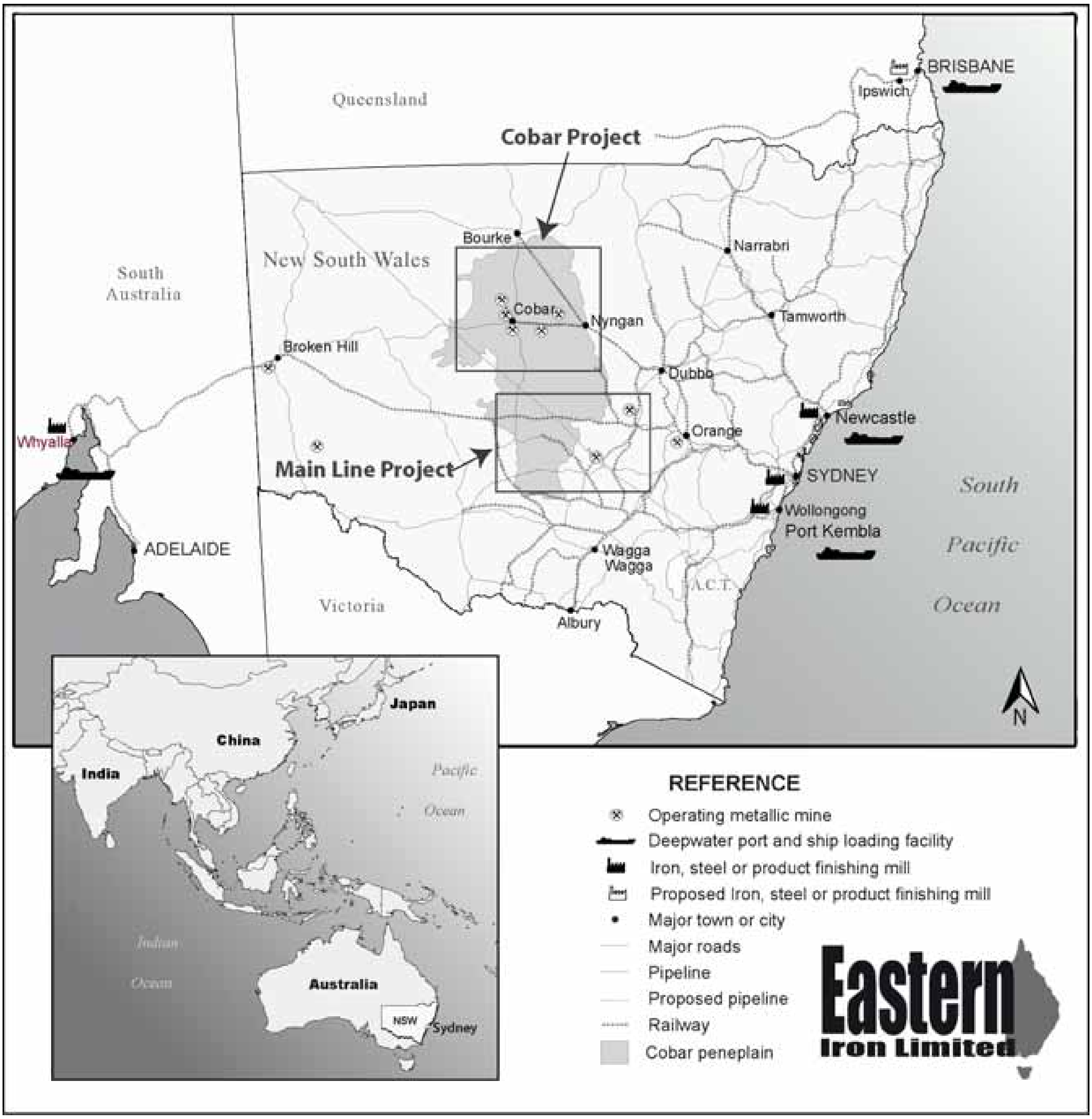


Figure 1. *Location of Eastern Iron's project areas and important infrastructure*

INTRODUCTION

Eastern Iron completed its capital raising with the maximum subscription of $5 million achieved, fulfilling requirements to earn an 80% interest in the initial 15 iron-prospective licences in NSW. Joint venturer PlatSearch NL (ASX: PTS) retains a 20% interest in the licences free carried through until a bankable feasibility study and a decision to mine. Eastern Iron's tenements and joint venture area now cover a total area of approximately 4,500 square kilometres in two project areas at Cobar and Main Line.

Eastern Iron's exploration focus is based on the existence of very large quantities of shallow, low-grade, yet easily extractable iron, that may be suitable for direct shipping, blend feed or further beneficiation. In the weeks following listing an aggressive scout drill program was initiated. After a break due to wet weather the drill program restarted and is ongoing with 15 palaeochannel targets drill tested at Cobar and Main Line to date. Most target areas drilled lie within 50 kilometres by road from major public-access rail infrastructure that connects with the deepwater, bulk-export ports of Newcastle and Port Kembla (Figure 1).

Due to the vast scale of palaeochannel target potential, exploration is being carried out on a broad scale, aimed at identifying individual palaeochannel systems and areas within those systems which have potential to produce iron-rich magnetic concentrates with minimum handling and beneficiation. At least one of several high priority channels in each exploration licence area is being drilled to cover as large an area as possible as quickly as possible. An early objective is to identify prospects that have resource potential and are capable of providing an early cash flow through sale of Direct Shipping Ore (DSO). Drilling would then be focussed on these sites while the regional scout programme continues.

A summary of drilling completed to early September is shown in Table 1. In the current climate of extremely active iron ore exploration there are considerable delays in receiving results from the assay and metallurgical laboratories. The receipt of these results is expected to commence from late September. Several alternatives for getting a rapid iron determination at the drill site are being investigated.

Table 1. *Summary of drilling completed*

Prospect	Licence Name	Licence Number	Number Drillholes	Metres Drilled
Line 1	Coolabah West	EL 6711	12	277
Line 2	Coolabah West	EL 6711	9	174
Line 3	Coolabah West	EL 6711	8	156
Carpenters	Oakvale	EL 6706	37	488
Gadsbys	Oakvale	EL 6706	6	90
Belah Tank	Oakvale	EL 6706	85	1,052
Power Line	Oakvale	EL 6706	7	114
Bendy	Oakvale	EL 6706	1	12
Techno 1	Techno	EL 6954	41	531
Techno 2	Techno	EL 6954	37	717
Amphitheatre	Shaun	EL 6958	20	222
Shearlegs	Wallace	EL 6959	11	147
Laneway	Euabalong	EL 6672	9	223
Gurongully	Euabalong	EL 6672	4	154
Roadside	Euabalong	EL 6672	1	60
Total			**288**	**4,417**

The results to date confirm that there are sufficient quantities of pisolitic iron-rich material to warrant ongoing drilling and resource drilling trials. Significantly, at all prospects drilled, the majority of pisolitic and iron-rich rock concentrations were found to be composed of maghemite and therefore amenable to simple magnetic separation. Furthermore, particularly within the Cobar Project area, the mineralisation is at or near the surface of low rises or ridges, presenting an opportunity for low cost mining and rehabilitation of mined areas with minimum environment impact.

COBAR PROJECT

Exploration work in the Cobar Project area (Figure 2) has included landholder negotiation, reprocessing of existing geophysics, acquisition of ground magnetic profiles, surface sampling, aircore drilling and metallurgical testing. Twelve prospects covering separate palaeochannels in five different exploration licences in the Cobar Project area have been drilled with 3,980 metres completed in 274 holes (Figure 5). Many other channels on each licence remain to be tested with the ongoing drilling program. Recently Eastern Iron has expanded its ground holding by entering into a joint venture with Drysdale Resources (the Hutch JV, Figure 2). Also two new exploration licence applications have been made (Gorgonzola and Camembert) in the Cobar Project area.

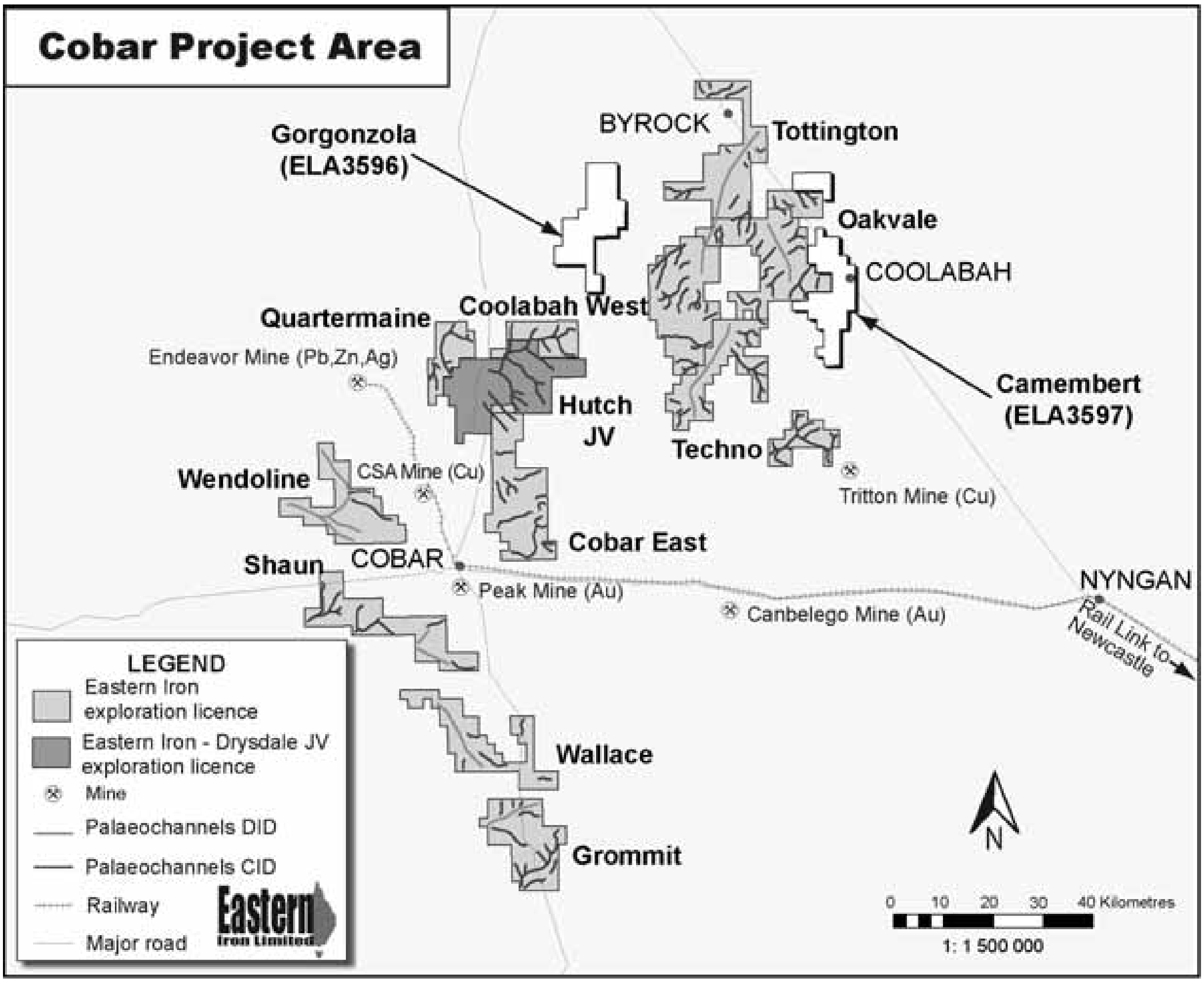


Figure 2. *Location of Cobar Project licences showing palaeochannels*

Results from drilling at the Shearlegs Prospect (11 drillholes) on the Wallace EL 6959 indicate that the channel iron mineralisation consists of accumulations of strongly magnetic pisolitic iron within a palaeochannel that was found to be 2.2 kilometres long, 300 metres wide and 5 metres deep. At the Amphitheatre Prospect (20 drillholes) on the Shaun EL 6958 channel iron mineralisation consists of a main channel some 2 kilometres long and averaging 300 metres wide and 7 metres deep with intersections of magnetic iron from surface (Figure 3). Samples have been submitted for bulk iron content, and drilling products containing iron-rich gravels have been submitted for magnetic separation tests.

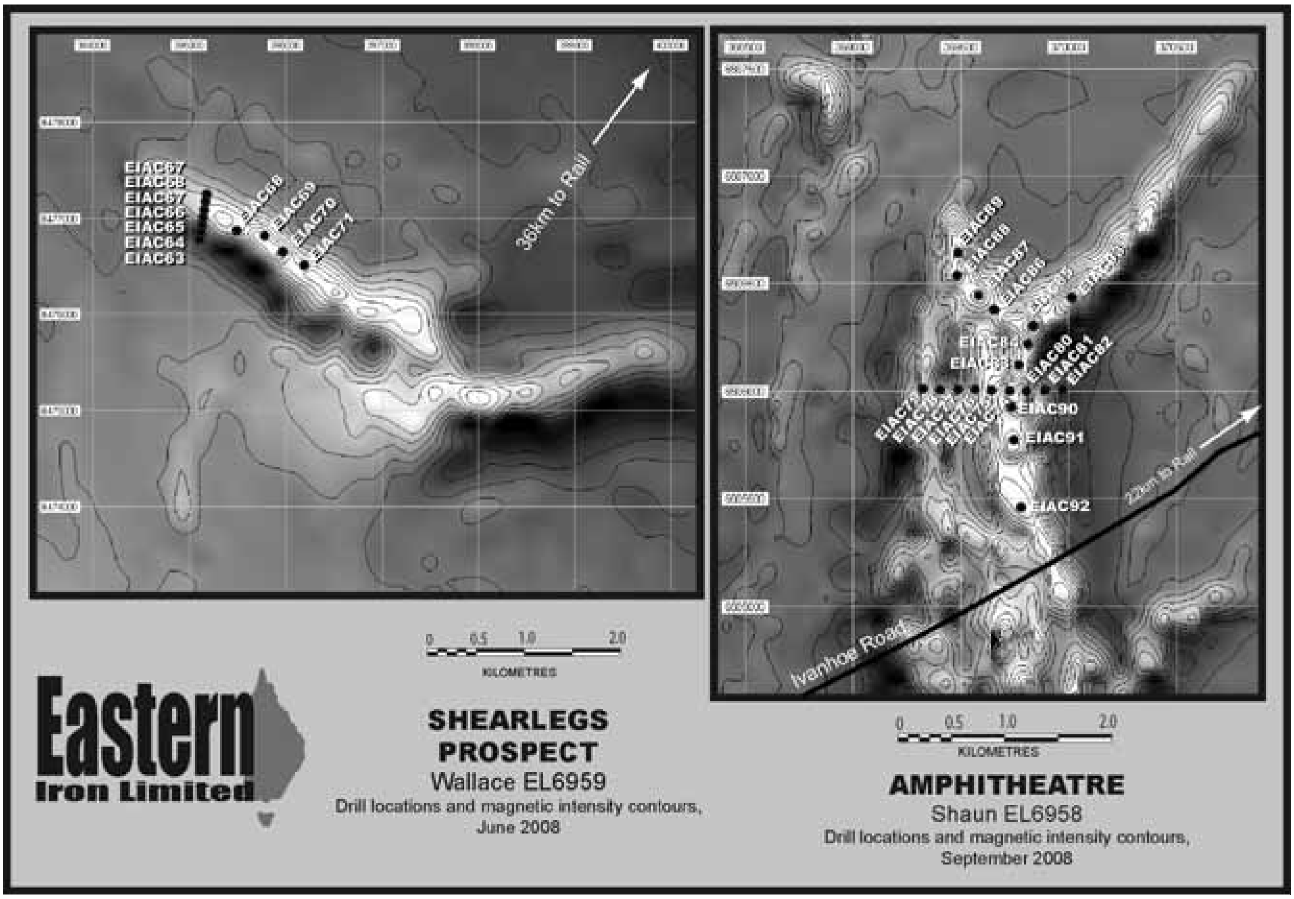


Figure 3. *Location of drillholes completed at the Shearlegs (Wallace EL 6959) and Amphitheatre (Shaun EL 6958) Prospects with the aeromagnetic contour maps that delineate the iron-rich channels*

Thirteen cross sections of drilling have been completed across the iron-bearing palaeochannel at the Belah Tank Prospect where interpretation of aeromagnetic data suggests the channel has an aggregate length of 4.4 kilometres. One drill section of 40-metre spaced drillholes (Figure 4) contains alluvial and chemical concentrations of magnetic pisolite and iron-rich gravel dispersed with non-magnetic quartz and rock fragments within a channel that averages 250 metres wide and is up to 10 metres deep. A thick section of gravel contains “in ground” iron values greater than 20% iron with individual metre assays up to 36.7% iron.

Assay results conducted on the products of magnetic separation test work on hole EIAC0047 from the central area of the Belah Tank Prospect show that 14% of material bulked from a typical drillhole is magnetically separable, pisolitic iron-rich product grading 50.2% calcined iron (Table 2 and footnote). It is possible to produce this iron-rich product from the surface through to the base of the alluvial channel at 9 metres depth. These simple bench-scale tests with a fixed magnet are designed to emulate a process based on the use of large, mobile excavation equipment and low-cost, on-site separators using dry methods. All samples tested contain low amounts of phosphorous and sulphur.

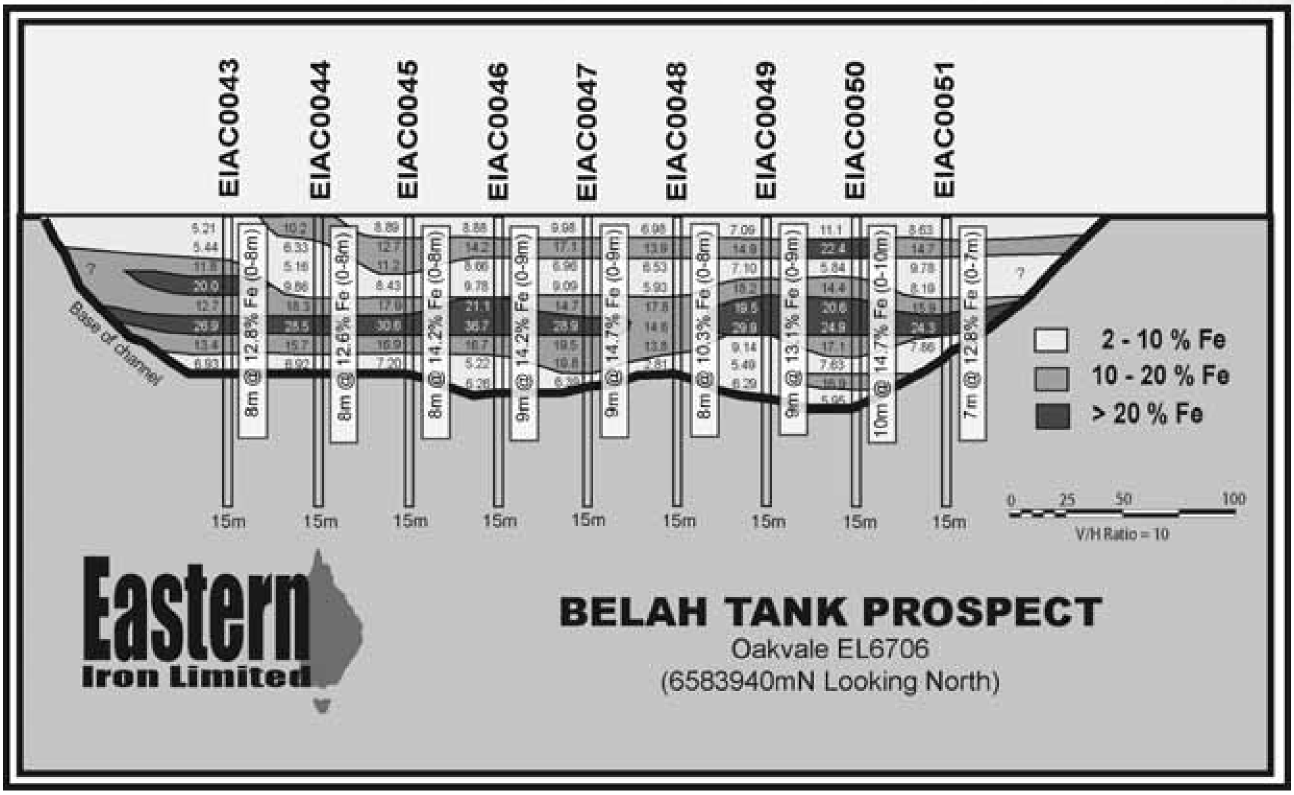


Figure 4. *Average iron content and depth of holes together with location of hole EIAC0047 on the Belah Prospect test cross section*

Table 2. *Results of magnetic separation tests on drill samples from Belah Prospect*

Drillhole	Fe %	SG	Recovery %	SG	Fe %	Fe_2O_3	CaFe	SiO_2	Al_2O_3	P	S	LOI
Depth (m)	Bulk	Bulk	Magnetic	Magnetic	Magnetic	%	%	%	%	%	%	%
	Product	Product	Product	Product	Product							
EIAC0047 0-1	9.98	1.76	4.4	3.71	51.73	73.96	52.86	14.84	7.35	0.063	0.017	2.13
EIAC0047 1-2	17.1	1.7	19.7	3.79	51.72	73.94	52.98	12.96	7.86	0.055	0.108	2.38
EIAC0047 2-3	6.96	1.72	1.8	3.52	48.62	69.51	50.12	16.7	7.53	0.048	0.117	2.99
EIAC0047 3-4	9.09	1.72	3.9	3.51	47.83	68.38	49.43	16.34	8.77	0.039	0.096	3.24
EIAC0047 4-5	14.7	1.67	9.1	3.51	47.38	67.74	48.97	16.84	10.12	0.032	0.042	3.25
EIAC0047 5-6	28.9	1.78	35.2	3.56	47.89	68.47	49.51	15.14	10.58	0.031	0.019	3.27
EIAC0047 6-7	19.5	1.67	24.0	3.49	45.71	65.35	47.33	16.73	11.36	0.031	0.017	3.43
EIAC0047 7-8	19.8	1.94	23.3	3.57	48.51	69.35	50.05	15.14	9.76	0.035	0.02	3.07
EIAC0047 8-9	6.39	1.7	3.5	3.59	49.01	70.07	50.81	13.76	9.5	0.047	0.012	3.55
9m Average	14.71	1.74	13.88	3.58	48.71	69.64	50.23	15.38	9.20	0.04	0.05	3.03

"Fe %, Bulk Product" represents the iron content of the gravels in-ground. "Fe%, Magnetic Product" represents the iron content after simple magnetic separation. "CaFe%" represents the calcined (dry or water removed) grade of the samples. These grades have been achieved without crushing or grinding.

Notes:

1) 1 metre 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)] x 100.

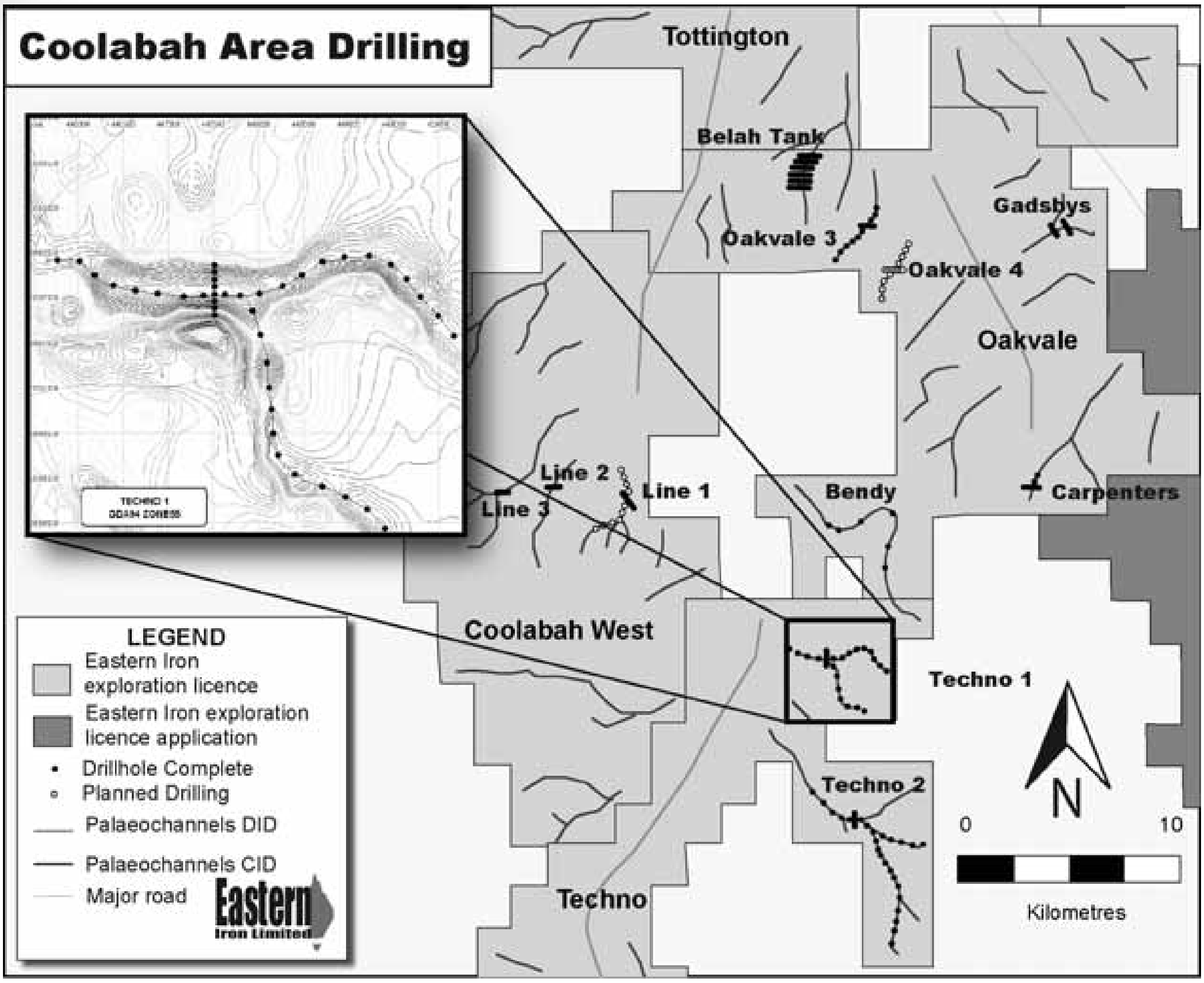


Figure 5. *Location of most recent drilling work at the Cobar Project*

MAIN LINE PROJECT

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 (Figure 6).

Work in the Main Line area has included landholder negotiation, reprocessing of existing government geophysics, acquisition of ground magnetic profiles, reconnaissance field visits, surface sampling and drilling of 437 metres in 14 holes. 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 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 and drilling confirms the presence of non-magnetic cover rocks.

Three priority targets have been investigated, these were chosen due to their proximity to rail infrastructure and known hard rock gold, tin and tungsten occurrences. Although the prospects were found to be covered by up to 10 metres of non-magnetic sediment, wide intervals of magnetic alluvial channel-fill sediment were intersected at all three prospect areas. Samples have been submitted for assay for iron and also for base and precious metals that are commonly found in the alluvial environment such as gold and tin.

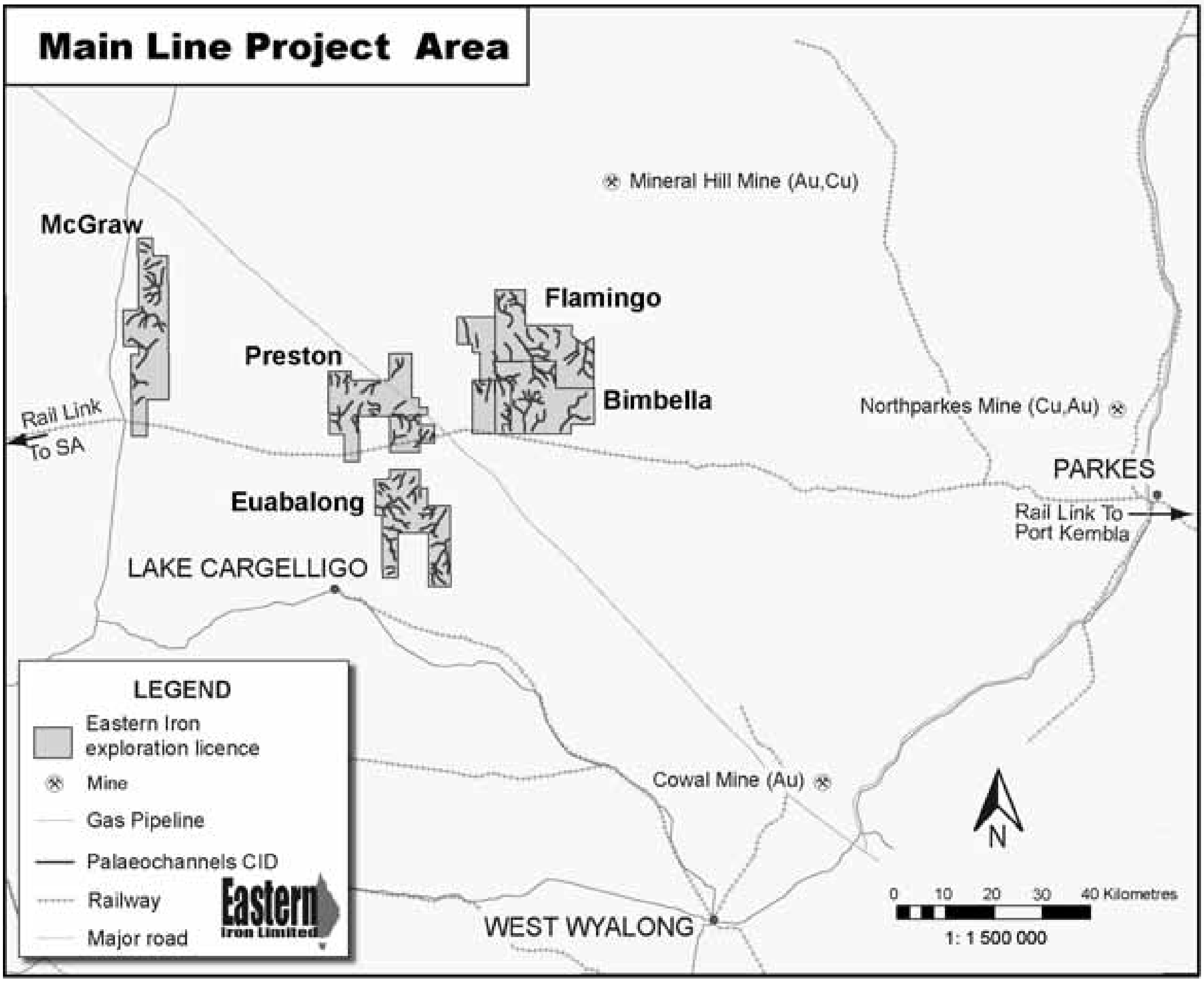


Figure 6. *Location of Main Line Project licences showing palaeochannels*

ONGOING PROGRAM

Eastern Iron will continue to systematically explore the iron ore potential of its licences in NSW as well as pursue channel iron mineralisation on other licences through joint ventures. The technique of drilling a representative cross section across each channel, coupled with a series of wide spaced holes along the length of the channel provides an estimate of resource target potential for each channel tested. Magnetic separation tests on the products of this drilling give an indication of ore quality and variation along the palaeochannel systems. In this way, Eastern Iron is progressively defining resource targets as it explores and will be able to authoratively estimate the size and quality of any resource target.

A trial resource drilling exercise is being conducted at the Belah Tank Prospect. This area will remain the focus of environmental studies, specific gravity determinations, bulk sampling and resource calculation efforts in the near term. Methodologies developed at the Belah Tank Prospect resource trial will be applied to other priority prospect areas as they are identified.

METALLURGICAL TESTWORK

Metallurgical investigations are ongoing as exploration proceeds. It is important to emphasise the fact that Eastern Iron is the early mover in a new frontier of iron ore exploration. Pioneering work by Eastern Iron has already established that it may be possible to produce large tonnages of iron product grading 50% iron "ex-mine" using low cost methods. Along with assessing the size of potential resources through exploration drilling, a major focus is the development of a more sophisticated flow sheet comprising differential magnetic processing and gravity processing that may achieve a value-added product of higher grade without the need to fine grind. Differential magnetic/gravity separation and metallurgical test work is being carried out on the "ex-mine" products grading greater than 50% iron, to determine a flow sheet to produce higher grade products.

Peter Buckley
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Peter M Buckley, BSc (Hons), who is a member of the Australian Institute of Geoscientists. Peter M Buckley is Managing Director of Eastern Iron Limited and a full-time employee of PlatSearch NL. Peter M Buckley 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".   Peter M Buckley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

...shallow, magnetically recoverable iron occurrences explored using high technology geophysical processing and innovative geology

Schedule of Tenements

Tenement	Tenement Number	Interest	Joint Venture Details
Cobar Project Area			
Cobar East	EL 6710	80%	PlatSearch 20%
Coolabah West	EL 6711	80%	PlatSearch 20%
Oakvale	EL 6706	80%	PlatSearch 20%
Hutch	EL 6751	0% *	Drysdale Resources 100%
Quartermaine	EL 6953	80%	PlatSearch 20%
Techno	EL 6954	80%	PlatSearch 20%
Tottington	EL 6956	80%	PlatSearch 20%
Wendoline	EL 6957	80%	PlatSearch 20%
Shaun	EL 6958	80%	PlatSearch 20%
Wallace	EL 6959	80%	PlatSearch 20%
Gromit	EL 6960	80%	PlatSearch 20%
Gorgonzola	ELA 3596	100%	-
Camembert	ELA 3597	100%	-
Main Line Project Area			
Bimbella	EL 6671	80%	PlatSearch 20%
Euabalong	EL 6672	80%	PlatSearch 20%
McGraw	EL 6961	80%	PlatSearch 20%
Flamingo	EL 6952	80%	PlatSearch 20%
Preston	EL 6962	80%	PlatSearch 20%

* Eastern Iron can earn 85%

Directors Report

Your Directors present the financial report of the Company for the period ended 30 June 2008.

The names and particulars of the Directors of the Company during or since the end of the financial year are:

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, worked in the industry in the 1980s and having been a director of a listed explorer from 1987 till 2003. 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 participated in the private equity industry since 1990 and he brings broad business strategy and commercial experience to the Board of Eastern Iron. He is currently a director of several unlisted businesses including Accord Capital Investors Pty Ltd, Swift Electroplaters (NSW) Pty Ltd and Wintech International Pty Ltd. Glenn joined the Board in November 2007.

Peter Buckley, BSc, Hons (New England), MAIG – *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. Peter joined the Board in July 2007.

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. Bob joined the Board in July 2007.

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. Wendy joined the Board in November 2007.

Robert J Waring, BEc (Sydney), CA, FCIS, FFin, MAusIMM, FAICD – *Non-Executive Director (Resigned November 2007)*

Robert Waring's experience has been gained over 36 years in financial and corporate roles including 18 years in company secretarial roles for ASX listed companies and 14 years as a Director of PlatSearch NL. Robert has had 27 years experience in the mining industry and prior to that nine years with an international firm of chartered accountants. He is a director of Oakhill Hamilton Pty Ltd, a company which provides secretarial and corporate advisory services to a range of listed and unlisted companies. Robert joined the Board in July 2007 and resigned in November 2007.

Directorships in Other Listed Companies

Name	Company	Period of Directorship
R Richardson	Western Plains Resources Ltd	Since 2004
	PlatSearch NL	Since 1987
	Crossland Uranium Mines Limited	Since 2006

Directors' Interests in Shares and Options

Directors' interests in shares and options as at the date of this report are set out in the table below.

Director	Shares Directly and Indirectly Held	Options
G Goodacre	320,000	500,000
P Buckley	100,000	1,000,000
R Richardson	275,000	200,000
W Corbett	50,000	250,000
R Waring	100,000	500,000

Remuneration of Directors and Senior Management

Information about the remuneration of directors and senior management is set out in the remuneration report of this Directors' Report on pages 16 to 19.

Share Options Granted to Directors and Senior Management

During and since the end of the financial year an aggregate 2,550,000 share options were directly or indirectly granted to the following directors and to the highest remunerated officers of the Company as part of their remuneration:

Directors and Senior Management	Number of Options Granted
G Goodacre	500,000
P Buckley	1,000,000
R Richardson	200,000
W Corbett	250,000
R Waring	500,000
M Lilley	100,000

Company Secretary

Michelle Lilley, Chartered Accountant, is the Company Secretary and Financial Controller of Eastern Iron since November 2007. Michelle 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 Manager for an ASX listed company in the bioscience industry and as a financial accountant for an ASX listed iron ore development company. Michelle previously held the company secretary position 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.

Directors Report

Principal Activities

The principal activity of the Company is 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.

Results

The net result of operations after applicable income tax expense was a loss of $171,200.

Dividends

No dividends were paid or proposed during the period.

Review of Operations

A review of the operations of the Company during the financial period and the results of those operations are contained in pages 5 to 11 in this report.

Corporate Structure

Eastern Iron Limited is a limited company that is incorporated and domiciled in Australia.

Employees

The Company had no employees as at 30 June 2008. The Company uses contract geologists and other consultants as required.

Significant Changes

The Directors are not aware of any significant changes in the state of affairs of the Company occurring during the financial period, other than as disclosed in this report.

Matters Subsequent to the End of the Financial Period

There were at the date of this report no matters or circumstances which have arisen since 30 June 2008 that have significantly affected or may significantly affect:

i) the operations of the Company,

ii) the results of those operations, or

iii) the state of affairs of the Company.

Likely Developments and Expected Results

As the Company's areas of interest are at an early stage of exploration, it is not possible to postulate likely developments and any expected results. The Company is hoping to identify other iron and possibly precious and base metal exploration and evaluation targets.

Shares Under Option or Issued on Exercise of Options

Details of unissued shares or interests under option for Eastern Iron Limited as at the date of this report are:

Number of Shares Under Option	Class of Share	Exercise Price of Option	Expiry Date of Options
5,000,000	Ordinary	$0.35	19 December 2012
4,270,000	Ordinary	$0.25	19 December 2010

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme.

There were no shares issued during or since the end of the financial year as a result of exercise of the above options.

Remuneration Report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Eastern Iron Limited's directors and its senior management for the financial year ended 30 June 2008. The prescribed details for each person covered by this report are detailed below under the following headings:

(a) Director and senior management details

(b) Policy and principles used to determine the nature and amount of remuneration

(c) Remuneration of directors and senior management

(d) Share-based compensation

(e) Service agreements

(a) Director and Senior Management Details

The following persons acted as directors of the company during or since the end of the financial year:

Mr Glenn Goodacre (Chairman – appointed November 2007)
Mr Peter Buckley (Managing Director – appointed July 2007)
Mr Bob Richardson (appointed July 2007)
Ms Wendy Corbett (appointed November 2007)
Mr Robert Waring (resigned November 2007)

The term "senior management" is used in this remuneration report to refer to the following person:

Ms Michelle Lilley (Company Secretary and Financial Controller – appointed November 2007)

(b) Policy and Principles Used to Determine the Nature and Amount of Remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long-term incentives in line with the Company's limited financial resources.

Board and Senior Management

Fees and payments to the non-executive directors and senior executives reflect the demands which are made on, and the responsibilities of, the directors and the senior management. Such fees and payments are reviewed annually by the Board. The executive and non-executive directors, senior executives and officers are entitled to receive options under the Company's employee share option scheme.

(c) Remuneration of Directors and Senior Management

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 to be apportioned among the Non-Executive Directors in such a manner as they determine (refer below). Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as directors.

The Directors have resolved that the Chairman's annual fee be $30,000 and that non-executive Directors fees be $24,000 per annum.

Details of the nature and amount of each element of the remuneration of each of the directors of Eastern Iron Limited and executives of the Company who received the highest emoluments during the year ended 30 June 2008 are set out in the following table.

Director and senior executive remuneration

				Post-employment benefits	Long-term benefits		Share-based payments		Proportion of remuner-ation that is perform-ance based	% value of remuner-ation that consists of options
	Cash salary and fees	Perform-ance cash bonus	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Options	Total		
	$	$	$	$	$	$	$	$	%	%
Directors										
G Goodacre	47,500	-	-	-	-	-	833	48,333	-	1.7
P Buckley	79,400	-	-	-	-	-	1,667	81,067	-	2.1
W Corbett	32,808	-	-	-	-	-	417	33,225	-	1.3
R Richardson	38,074	-	-	-	-	-	333	38,407	-	0.9
R Waring	72,047	-	-	-	-	-	18,273	90,320	-	20.2
Total Directors compensation	269,829	-	-	-	-	-	21,523	291,352		
Other key management personnel										
M Lilley	19,295	-	-	-	-	-	167	19,462	-	0.9
Total key management personnel compensation	19,295	-	-	-	-	-	167	19,462		

(d) Share-based Compensation

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 report. 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 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 five 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. 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.

Share-based Payment Granted as Compensation for the Current Financial Year

The following grants of share-based payment compensation, exercise of options and value of options to directors and senior management relate to the current financial year.

	Grant Date	Number Granted	Number Vested	Value of Options Granted at the Grant Date (note 14)	Number of Options Exercised	Value of Options Exercised at the Exercise Date	Value of Options Lapsed at the Date of Lapse
				$		$	$
G Goodacre	13 Feb 08	500,000	250,000	1,250	-	-	-
P Buckley	13 Feb 08	1,000,000	500,000	2,500	-	-	-
R Richardson	13 Feb 08	200,000	100,000	500	-	-	-
W Corbett	13 Feb 08	250,000	125,000	625	-	-	-
R Waring	13 Feb 08	500,000	400,000	18,440	-	-	-
M Lilley	19 Dec 07	100,000	50,000	250	-	-	-

The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards.

For details on the valuation of the options, including models and assumptions used, please refer to note 14.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the period.

(e) Service Agreements

Remuneration and other terms of employment for the directors and executives are formalised in Service/Appointment agreements.

Glenn Goodacre

Glenn Goodacre is paid director's fees through Goro Investments Pty Limited (a company of which Mr Goodacre is a director). In November 2007 the Company engaged Goodacre Trading Company Pty Limited (Goodacre) (a company of which Mr Goodacre is a director) through a consultancy agreement with no fixed term to provide consultancy services related to strategic, due diligence, business advice and assistance with the commercial and corporate development of the business at the rate of $200 per hour. The Company may terminate the Agreement by notice in writing to Goodacre if it breaches the Agreement and fails to remedy such a breach with 14 days of receipt of the notice.

Peter Buckley

The Company engaged PlatSearch commencing 1 January 2008 for one year to provide the services of Mr Peter Buckley as Managing Director.

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

Bob Richardson

The Company engaged PlatSearch commencing 1 January 2008 for one year to provide the services of Mr Bob Richardson as a technical consultant.

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 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.

Wendy Corbett

Wendy Corbett is paid director's fees through DT Corbett Engineering Pty Ltd (a company of which Ms Corbett is a director). In November 2007 the Company entered into an agreement with no fixed term with DT Corbett Engineering Pty Ltd (DT Corbett) to provide technical 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. One month's notice is required by either party to terminate the Agreement.

Michelle Lilley

Michelle Lilley, Company Secretary and Financial Controller, provides company secretarial services and accounting services through her company, Bluefish Consulting Pty Ltd, of which she is a director, with no fixed term.

In consideration for its services, the Company will pay Bluefish Consulting Pty Ltd fees at the rate of $85.00 per hour. One month's notice is required by either party to terminate the Agreement.

Directors Report

Meetings of Directors

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each director:

	Board of Directors		Corporate Governance Committee *		Remuneration Committee		Audit Committee	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
G Goodacre	6	6	-	-	-	-	1	1
P Buckley	7	7	-	-	-	-	-	-
R Richardson	7	6	-	-	-	-	-	-
W Corbett	6	6	-	-	-	-	1	1
R Waring	2	2	-	-	-	-	-	-

* There were no Corporate Governance Committee meetings held during the financial year. The first meeting was held in September 2008.

Indemnification and Insurance of Directors and Officers

During the financial year, the Company has paid premiums in respect of a contract insuring all the Directors and officers against legal costs incurred in defending proceedings for conduct involving:

i) a wilful breach of duty; or

ii) a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

It is a term of the policy that the Company cannot disclose the premium paid for the cover.

Proceedings

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the company for all or part of the proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Environmental Performance

Eastern Iron holds exploration licences issued by New South Wales Department of Primary Industries – Mineral Resources, which specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the Departments' guidelines and standards. There have been no significant known breaches of the licence conditions.

Auditor's Independence and Non-Audit Services

The following non-audit services were provided by the Company's auditor, Barnes Dowell James. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. The Directors received a declaration of independence from the auditors of Eastern Iron Limited. It is located on page 51 and forms part of this report.

Directors Report

Barnes Dowell James received or are due to receive the following amounts for the provision of non-audit services:

Independent Accountant's report: $5,000

Signed at Sydney this 29th day of September 2008 in accordance with a resolution of the Directors.

G Goodacre
Chairman

Corporate Governance

The Board of Directors of Eastern Iron is responsible for corporate governance and strives for high standards in this regard.

The Board monitors the management, business and affairs of Eastern Iron on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board draws on relevant best practice principles, particularly the Principles of *Good Corporate Governance and Best Practice Recommendation* issued by the ASX Corporate Governance Council in March 2003 (the Principles).

The Principles are reviewed on a periodic basis and Eastern Iron endeavours to adhere to the Principles, mindful that there may be some instances where compliance is not practicable for a company of its size.

In many cases the Company is achieving the standards required by the Principles. In a number of instances, the Company may not meet certain standards set out in the Principles, largely due to the standards being considered by the Board to be unduly onerous for the Company, given its current size and level of operations. Where the latter is the case, the Board anticipates that, as the Company's operations grow, it will adjust its activities structures over time to satisfy the relevant Principles.

The following paragraphs set out Eastern Iron's position relative to each of the Principles. The extent to which Eastern Iron has followed the recommendations is addressed and the Company has identified any Principles that have not been followed (and provided reasons for not doing so).

Principle 1: Lay solid foundations for management and oversight

The Company has not yet formalised in a written sense and disclosed the functions reserved to the Board and those delegated to management.

The Company has a Board of four Directors and a small team of people, so roles and functions have to be flexible to meet specific requirements. These arrangements are considered appropriate for the size of the Company.

Principle 2: Structure the Board to add value

The Company complies with the recommendation that the Chairman is separate from the Managing Director. No directors of the Company are independent and therefore, the Company does not comply with the recommendation that the Chairman and a majority of Directors are independent due to the size of the Company and the skills of the Board. All Directors undertake consultancy work for the Company. Three of the Directors are non-executive Directors and one Director is an executive. Given the nature and size of the Company and its business interests, the Board is of the view that its members have a sufficiently broad mix of skills and that the experience of each of the Directors enables them to be aware of and capable of acting in an independent manner and in the best interests of the shareholders. Details of the experience of each director and their term of office can be found on page 13.

The Company has an Audit Committee, Remuneration Committee and Corporate Governance Committee. The committees meet at least annually and make recommendations to the Board.

The Company does not have a separate Board Nomination committee, but has a Remuneration Committee, which carries out this function due to the small size of the Company.

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.

Directors are appointed based on the specific skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one director with experience in the Company's industry, appropriate to the Company's market.

Principle 3: Promote ethical and responsible decision-making

The Company has a formal code of conduct to guide compliance with legal and other obligations. The Company has adopted a policy concerning trading in its securities by Directors, management, staff and significant consultants which is set out below.

Principle 4: Safeguard integrity in financial reporting

The Company has an Audit Committee with a formal written charter.

The Audit Committee consists of two members and does not meet the recommendation of three members due to the size of the Company. The Audit Committee is comprised of Ms Corbett (Chairperson), Mr Goodacre and has conducted one meeting during the financial year and one since the end of the financial year, with both members attending both meetings. The Committee consists of non-executive directors, however they are not independent, which does not comply with the recommendations due to the size of the Company. The Audit Committee is chaired by a non-executive Director of the Board and not the chairman of the Board.

The qualifications of each member are set out on page 13 of the Directors Report. These directors are considered to have appropriate expertise and skills for this Committee.

The Audit Committee reports to the Board after each committee meeting. In conjunction with the Board, the Audit Committee meets with and reviews the performance of the external auditors (including scope and quality of the audit).

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

The Managing Director and the Financial Controller state in writing to the Board that the Companies 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.

Principle 5: Make timely and balanced disclosure

The Company, its Directors and consultants are highly cognisant of the 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 due to the small size of the Company, it uses strong informal systems underpinned by experienced individuals.

Principle 6: Respect the rights of shareholders

Significant information disclosed to the ASX is posted on Eastern Iron's website as soon as it is practical after it is disclosed to the ASX.

When analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the 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.

Eastern Iron does not have a communications strategy to promote effective communication with shareholders, as it believes this is unnecessary for small companies, the Company does communicate regularly with shareholders. The Company actively answers all questions and communication from shareholders, where appropriate, in a concise and timely fashion.

Eastern Iron has requested its external auditor to attend general meetings and this has been supported by its audit partner at Barnes Dowell James.

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 and an OHS manual has been adopted by the Board.

The Board has received the declarations required to be made to the Directors from the Managing Director and Financial Controller in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2008. The statement's were given in accordance with best practice recommendation 4.1 and is founded on a sound system of risk management and internal compliance and control which implements policies adopted by the Board. The statements also declared that the Companies risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Principle 8: Encourage enhanced performance

The Company has a Remuneration Committee consisting of two directors of the Company which meets as and when required, to review performance matters and remuneration, this does not comply with the recommendation of three members due to the size of the Company. 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 discloses 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 the Directors' Report.

The Company has a Remuneration Committee consisting of the two directors of the Company which meets as and when required, this does not comply with the recommendation of three members due to the size of the Company. The members are Mr Goodacre (Chairman) and Mr Richardson. The Committee did not conduct a meeting during the financial year. Eastern Iron does not comply with the recommendation that the committee be chaired by an independent director due to the size of the Company. Non-executive Directors are paid an annual fee and do not receive bonus's. Options have been issued to Non-executive Directors and are set out in the Directors Report. The Company has established a charter for the Remuneration Committee.

The Company believes that its measures of equity-based remuneration are appropriate and shareholder approval is not required for payment of equity-based executive remuneration.

There are no schemes for retirement benefits other than statutory superannuation.

Principle 10: Recognise the legitimate interests of stakeholders

Subsequent to the end of the financial year the Company adopted 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 consult with the Chairman of the Board or the Executive 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 a "window", being the period commencing two days after and ending 30 days following the date of announcement of the Company's annual or half yearly results, quarterly report 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 Company shares at any time if they are aware of price sensitive information that has not been made public.

Income Statement

Period from date of incorporation 23 July 2007 to 30 June 2008

	Note	2008 $
REVENUE	3	**69,895**
ASX and ASIC fees		**20,445**
Contract administration services		**156,395**
Directors fees		**8,790**
Legal fees		**6,676**
Marketing and public relations		**8,151**
Rent		**9,500**
Share based payments		**4,117**
Travel and accommodation		**6,277**
Other expenses from ordinary activities		**20,744**
		241,095
(LOSS) BEFORE INCOME TAX EXPENSE		**171,200**
INCOME TAX EXPENSE	4	**-**
(LOSS) AFTER INCOME TAX EXPENSE	13	**171,200**
NET (LOSS) ATTRIBUTABLE TO MEMBERS OF EASTERN IRON LIMITED		**171,200**
Basic loss per share (cents per share)	15	**1.24**
Diluted loss per share (cents per share)	15	**1.24**

Balance Sheet

At 30 June 2008

	Note	2008 $
CURRENT ASSETS		
Cash assets	5	**4,428,843**
Receivables	6	**93,102**
TOTAL CURRENT ASSETS		**4,521,945**
NON-CURRENT ASSETS		
Tenement security deposits	7	**100,000**
Plant and equipment	8	**21,308**
Deferred exploration and evaluation expenditure	9	**160,765**
Acquisition cost of tenements	10	**337,460**
TOTAL NON-CURRENT ASSETS		**619,533**
TOTAL ASSETS		**5,141,478**
CURRENT LIABILITIES		
Payables	11	**53,984**
TOTAL CURRENT LIABILITIES		**53,984**
TOTAL LIABILITIES		**53,984**
NET ASSETS		**5,087,494**
EQUITY		
Contributed equity	12	**5,146,937**
Accumulated losses	13	**(171,200)**
Reserves	14	**111,757**
TOTAL EQUITY		**5,087,494**

Statement of Cash Flows

Period from date of incorporation 23 July 2007 to 30 June 2008

	Note	2008 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payment to suppliers and employees		**(263,575)**
Interest received		**29,503**
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	25	**(234,072)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of motor vehicle and fixed assets		**(21,378)**
Expenditure on mining interests (exploration)		**(137,134)**
Tenement security deposits		**(100,000)**
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(258,512)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		**5,200,090**
Equity raising expenses		**(278,663)**
NET CASH FLOWS FROM FINANCING ACTIVITIES		**4,921,427**
Net increase in cash held		**4,428,843**
Add opening cash brought forward		**-**
CLOSING CASH CARRIED FORWARD	25	**4,428,843**

Statement of Changes in Equity

Period from date of incorporation 23 July 2007 to 30 June 2008

	Attributable to the shareholders of Eastern Iron Limited			
	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
AT 1 July 2007	**-**	**-**	**-**	**-**
Loss for the period	-	(171,200)	-	(171,200)
Cost of share based payments taken directly to Equity	-	-	111,757	111,757
Issue of share capital, net of transaction costs	5,146,937	-	-	5,146,937
AT 30 JUNE 2008	**5,146,937**	**(171,200)**	**111,757**	**5,087,494**

1. CORPORATE INFORMATION

The financial report of Eastern Iron Limited (the Company) for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the Directors on 29 September 2008.

Eastern Iron Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange using the ASX code EFE.

The nature of the operations and principal activities of the Company are described in the Director's Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

The financial report has been prepared on a historical cost basis.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

This is the first financial report prepared based on AIFRS, and also the first report prepared for the Company as a listed entity and its first year of operations, thus it has no prior year comparisons. There are no reconciliations applicable to prior periods that would be affected under AIFRS.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Eastern Iron Limited (Eastern Iron or the "Company") and its subsidiaries ("the Group") as at 30 June each year.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(d) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- plant and equipment – 4 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(e) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(f) Interest in jointly controlled operations – joint ventures

The Company has an interest in exploration joint ventures that are jointly controlled. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Company recognises its interest in the jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs. The Company also recognises the expenses that it incurs and its share of any income that it earns from the sale of goods or services by the jointly controlled operations.

(g) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use.

(h) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held-for-trading and available-for-sale, are measured at fair value. Gains or losses on investments held-for-trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Securities Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, being the date that the Group commits to purchase he asset.

(i) Exploration, evaluation, development and restoration costs

Exploration and evaluation

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.

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:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- 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.

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

Exploration and evaluation – impairment

The Directors assess at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made 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, provisions would be reviewed and if appropriate, written back.

Development

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Restoration

Provisions for restoration costs are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Remaining mine life

In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

(j) Mine property held for sale

Where the carrying amount of mine property and related assets will be recovered principally through a sale transaction rather than through continuing use, the assets are reclassified as Mine Property Held for Sale and carried at the lower of the assets' carrying amount and fair value less costs to sell – where such fair value can be reasonably determined, and otherwise at its carrying amount. Liabilities and provisions related to mine property held for sale are similarly reclassified as Liabilities – Mine Property Held for Sale and, Provisions – Mine Property Held for sale, as applicable, and carried at the value at which the liability or provisions expected to be settled.

(k) Trade and other receivables

Trade receivables, which generally have 5-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(l) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts, if any.

(m) Trade and other payables and provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Employee entitlements

Liabilities for wages and salaries are recognised and are measured as an amount unpaid at the reporting date at current pay rates in respect of employee's services up to that date. Current employee contracts do not entitle them to annual leave and long service leave. A liability in respect of superannuation at the current superannuation guarantee rate has been accrued at the reporting date.

(o) Share-based payments

In addition to salaries, the Company provides benefits to certain employees (including Directors and key management personnel) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

There is currently an Employee Share Option Plan in place to provide these benefits.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the options is determined by using the Black-Scholes option pricing model.

In valuing transactions settled by way of issue of options, no account is taken of any vesting limits or hurdles, or the fact that the options are not transferable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised is recognised immediately. However, if a new award is substituted for the cancelled award and designated a replacement award on the date it is granted, the cancelled and the new award are treated as if there was a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share except where such dilution would serve to reduce a loss per share.

(p) Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(r) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable

that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(s) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Currency

Both the functional and presentation currency is Australian dollars (A$).

(u) Comparatives

There are no comparative figures as this is the Company's first year of operation.

(v) Investment in controlled entities

The Company's investment in its controlled entities is accounted for under the equity method of accounting in the Company's financial statements.

(w) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(x) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period is:

Share-based payment transactions

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted, as detailed in notes 12 and 25.

(y) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(z) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

	2008
	$
3. REVENUE FROM ORDINARY ACTIVITIES	
Interest received – other persons/corporation	69,895

	2008 $
4. INCOME TAX	
Prima facie income tax (credit) on operating (loss) at 30%	51,360
Future income tax benefit in respect of timing differences – not recognised	(51,360)
Income tax expense	-

No provision for income tax is considered necessary in respect of the Company for the year ended 30 June 2008.

The Company has a deferred income tax liability of $160,765 associated with exploration costs deferred for accounting purposes but expensed for tax purposes. This liability has been brought to account and offset by deferred tax assets attributed to available tax losses. No recognition has been given to any deferred income tax asset which may arise from available tax losses, except to the extent offset against deferred tax liabilities. The Company has estimated its losses at $781,416.

A benefit of 30% of approximately $234,425 associated with the tax losses will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Company continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

5. CASH AND CASH EQUIVALENTS

Cash at bank	64,539
Money market securities – bank deposits	4,364,304
	4,428,843

Bank negotiable certificates of deposit, which are normally invested between 30 and 365 days were used during the period and are used as part of the cash management function.

6. RECEIVABLES – CURRENT

Trade receivables	279
GST receivables	31,767
Interest receivable	40,392
Prepayments	11,210
Other receivables	9,454
	93,102

7. TENEMENT SECURITY DEPOSITS

Cash with government mines department	100,000

These deposits are restricted so that they are available for any rehabilitation that may be required on exploration tenements.

	2008 $
8. PLANT AND EQUIPMENT	
Motor vehicle – at cost	21,005
Accumulated depreciation	-
	21,005
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year	
Carrying amount at beginning	-
Additions	21,005
Disposals	-
Depreciation expense	-
	21,005
Plant and equipment – at cost	373
Accumulated depreciation	(70)
	303
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year	
Carrying amount at beginning	-
Additions	373
Disposals	-
Depreciation expense	(70)
	303

9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Costs brought forward	-
Costs incurred during the period	160,765
Expenditure written off during period	-
Costs carried forward	160,765
Exploration expenditure costs carried forward are made up of:	
Expenditure on joint venture areas	160,765
Expenditure on non joint venture areas	-
Costs carried forward	160,765

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in note 2. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

	2008 $
10. ACQUISITION COST OF TENEMENTS	337,460

The Company and PlatSearch NL entered into a Sale and Joint Venture agreement on 30 January 2008 for the purchase by the Company of an 80% interest in 15 tenements in exchange for 11,000,000 shares in the Company at $0.03 per share ($330,000) and 5,000,000 options at $0.001 per option ($5,000) with an exercise price of 35 cents (see note 12). Additionally, $2,460 was spent on registering the tenements.

11. CURRENT LIABILITIES – PAYABLES

Trade creditors	18,861
Accrued expenses	35,123
	53,984

12. CONTRIBUTED EQUITY

Share capital

46,000,000 fully paid ordinary shares	(a)	5,530,090

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Option Issue		
5,000,000	(b)	5,000
Share issue costs		(388,153)
		5,146,937

(a)	**Movements in ordinary share capital**	**Number**
	At beginning of the reporting period	-
	Shares issued during the year	10,000,000
	Shares issued under IPO	25,000,000
	Shares issued for purchase of tenements	11,000,000
	At end of reporting period	46,000,000

(b) Options issue

5,000,000 options were issued as consideration for the acquisition of 80% of 15 tenements (see note 10).

Terms and conditions of contributed equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Optionholders have no voting rights until the options are exercised.

Options

There were 9,270,000 options issued during the year ended 30 June 2008 as follows:

- 4,270,000 options exercisable at 25 cents, expiry 19 December 2010
- 5,000,000 options exercisable at 35 cents, expiry 19 December 2012

	2008 $
13. ACCUMULATED LOSSES	
Balance at the beginning of period	-
Operating loss after income tax expense	171,200
Balance at the end of period	171,200

14. RESERVES

Share-based compensation reserve	111,757

The share-based compensation reserve (see table below) represents a valuation of options issued during the year ended 30 June 2008. The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted determined by using the Black and Scholes options valuation methodology model with the below assumptions.

Issue Date	Number of Options Issued	Exercise Price	Expiry Date	Expected Volatility	Risk-free Rate	Expected Life	Estimated Fair Value	Total $ Vested	
Dec 07	320,000	0.25	19 Dec 10	120%	6.51%	3 years	0.0025	533	(a)
Feb 08	2,150,000	0.25	19 Dec 10	120%	6.51%	3 years	0.0025	3,584	(b)
Apr 08	1,800,000	0.25	19 Dec 10	105.56%	6.395%	3 years	0.0598	107,640	(c)
	4,270,000							111,757	

(a) Issued to consultants of the company and expensed in the income statement. 50% of the options vested on 30 June 2008 with the remaining 50% vesting on 30 June 2009.

(b) Issued to Directors and approved by shareholders at the General Meeting held on 13 February 2008. Expensed in the income statement. 50% of the options vested on 30 June 2008 with the remaining 50% vesting on 30 June 2009.

(c) The total value of $107,640 was options issued to a broker and consultant in relation to capital raising, which has been included in share issue costs within contributed equity on the balance sheet. All options have vested.

No options have been exercised during the financial year.

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 report.

15. EARNINGS PER SHARE

Basic earnings (loss) per share	cents	(1.24)
Diluted earnings (loss) per share	cents	(1.24)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	No	13,776,918
Earnings (loss) used in calculating basic and diluted EPS	$	(171,200)

16. RELATED PARTY DISCLOSURES

Details of key management personnel

The Directors and other members of key management personnel of the Company during the year were:

Mr Glenn Goodacre (Chairman, non-executive Director – appointed November 2007)
Mr Peter Buckley (Managing Director – appointed July 2007)
Mr Bob Richardson (Non-executive Director, appointed July 2007)
Ms Wendy Corbett (Non-executive Director, appointed November 2007)
Mr Robert Waring (resigned November 2007)
Ms Michelle Lilley (Company Secretary and Financial Controller – appointed November 2007)

Key management personnel compensation policy

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long-term incentives in line with the Company's limited financial resources.

Board and Senior Management

Fees and payments to the non-executive directors and senior executives reflect the demands which are made on, and the responsibilities of, the directors and the senior management. Such fees and payments are reviewed annually by the Board. The executive and non-executive directors, senior executives and officers are entitled to receive options under the Company's employee share option scheme.

Key management personnel compensation

The aggregate compensation made to key management personnel of the Company is set out below:

	2008
	$
Short-term employee benefits	289,124
Post-employment benefits	-
Other long-term benefits	-
Termination benefits	-
Share-based payments	21,690
	310,814

The compensation of each member of the key management personnel of the Company is set out below:

				Post-employment benefits	Long-term benefits		Share-based payments		Proportion of remuneration that is performance based	% value of remuneration that consists of options
	Cash salary and fees	Performance cash bonus	Non-monetary benefits	Superannuation	Long service leave	Termination benefits	Options	Total		
	$	$	$	$	$	$	$	$	%	%
Directors										
G Goodacre	47,500	-	-	-	-	-	833	48,333	-	1.7
P Buckley	79,400	-	-	-	-	-	1,667	81,067	-	2.1
W Corbett	32,808	-	-	-	-	-	417	33,225	-	1.3
R Richardson	38,074	-	-	-	-	-	333	38,407	-	0.9
R Waring	72,047	-	-	-	-	-	18,273	90,320	-	20.2
Total Directors compensation	269,829	-	-	-	-	-	21,523	291,352		
Other key management personnel										
M Lilley	19,295	-	-	-	-	-	167	19,462	-	0.9
Total key management personnel compensation	19,295	-	-	-	-	-	167	19,462		

Key management personnel equity holdings

Fully paid ordinary shares of Eastern Iron Limited

	Balance at 1 July	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June	Balance held nominally
	Number	Number	Number	Number	Number	Number
G Goodacre	-	-	-	320,000	320,000	-
P Buckley	-	-	-	100,000	100,000	-
W Corbett	-	-	-	50,000	50,000	-
R Richardson	-	-	-	275,000	275,000	-
R Waring	-	-	-	100,000	100,000	-
M Lilley	-	-	-	-	-	-

Share options of Eastern Iron Limited

	Balance at 1 July	Granted as compen-sation	Exercised	Net other change	Bal at 30 June	Bal vested at 30 June	Vested but not exercis-able	Vested and exercis-able	Options vested during year
	Number	Number	Number	Number	Number	Number	Number	Number	Number
G Goodacre	-	500,000	-	-	500,000	250,000	-	250,000	250,000
P Buckley	-	1,000,000	-	-	1,000,000	500,000	-	500,000	500,000
W Corbett	-	250,000	-	-	250,000	125,000	-	125,000	125,000
R Richardson	-	200,000	-	-	200,000	100,000	-	100,000	100,000
R Waring	-	500,000	-	-	500,000	400,000	-	400,000	400,000
M Lilley	-	100,000	-	-	100,000	50,000	-	50,000	50,000

Transactions with key management personnel

Glenn Goodacre

Glenn Goodacre is a director of Goro Investments Pty Limited, which was paid fees totalling $43,710 for consultancy services related to strategic, due diligence and business advice and assistance with the commercial and corporate development of the business. The contract is based on normal commercial terms and conditions.

Wendy Corbett

Wendy Corbett is a director of DT Corbett Engineering Pty Ltd, which was paid fees totalling $30,808 for technical services relating to the targeting, exploration, interpretation and understanding of iron ore resources in Australia as well as maintenance of the existing exploration Tenements. The contract is based on normal commercial terms and conditions.

Michelle Lilley

Michelle Lilley is a director of Bluefish Consulting Pty Ltd, which was paid fees totalling $19,295 for company secretarial services and accounting services. The contract is based on normal commercial terms and conditions.

Transactions with other related parties

PlatSearch NL

PlatSearch NL (PlatSearch) is a 45.65% shareholder of Eastern Iron. The Company engaged PlatSearch for the period commencing 1 January 2008 for one year to provide the services of Mr Peter Buckley as Managing Director, with payments as at 30 June 2008 totalling $79,400.

The Company engaged PlatSearch for the period commencing on 1 January 2008 for one year to provide the services of Mr Bob Richardson as a technical consultant, with payments as at 30 June 2008 totalling $38,074.

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

The Company has paid rent of $9,500 and reimbursed expenses totalling $13,187 to 30 June 2008. The contract with PlatSearch is based on normal commercial terms and conditions.

	2008 $
17. AUDITORS' REMUNERATION	
Total amounts receivable by the current auditors of the Company for:	
Audit of the Company's accounts	5,000
Other services – Independent Accountant's Report for IPO Prospectus	5,000
	10,000

18. JOINT VENTURES

The Company is a party to two joint venture agreements to explore for iron ore. Under the terms of the agreements the Company will be required to contribute towards the exploration and other costs if it wishes to maintain or increase its percentage holdings. The joint ventures are not separate legal entities. There are contractual arrangements between the participants for sharing costs and future revenues in the event of exploration success. There are no assets and liabilities attributable to the Company at the balance date resulting from these joint ventures, other than exploration expenditure costs carried forward as detailed as in note 9.

Percentage equity interests in joint ventures at 30 June 2008 were as follows:

	Percentage Interest 2008
New South Wales	
Cobar and Main Line Project Tenements	
15 Exploration Licences	80%
Hutch – earning 85%	0%

19. FINANCIAL REPORT BY SEGMENT

The Company operates predominantly in the one business and in one geographical area, namely Australian mineral exploration and evaluation.

20. CONTINGENT LIABILITIES

The Group has provided guarantees totalling $100,000 in respect of exploration tenements. These guarantees in respect of mining tenements are secured against deposits with the relative State Department of Mines. The Company does not expect to incur any material liability in respect of the guarantees.

21. EMPLOYEE ENTITLEMENTS

An employee share option plan has been established where selected officers and employees of the Company can be issued with options over ordinary shares in Eastern Iron Limited. The options, issued for nil consideration, will be issued in accordance with a performance review by the Directors. The options cannot be transferred and will not be quoted on the ASX. The Company has not yet made an issue under the Plan.

22. FINANCIAL INSTRUMENTS

Capital Risk Management

The Companies considers its capital to comprise its ordinary share capital, options reserves and accumulated losses.

In managing its capital, the Company's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions when applicable. In order to achieve this objective, the Company seeks to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or reduction of debt, the Company considers not only its short-term position but also its long-term operational and strategic objectives.

Net fair value of financial assets and liabilities, on balance sheet and credit risk

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their carrying value. Credit risk is minimal at balance date.

Financial Risk Management

(a) General objectives, policies and processes

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Examples of the principal financial instruments from which financial instrument risk arises are trade receivables, cash at bank and trade and other payables.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Company's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Company where such impacts may be material. The Board receives regular reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these risks are set out below.

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Company incurring a financial loss.

The maximum exposure to credit risk at balance date is as follows:

	2008
	$
Cash and cash equivalents	4,428,843
Receivables	93,102
Deposits with Government Departments	100,000
	4,621,945

There are two counterparties for Cash and Cash equivalents which are Commonwealth Bank and Bank of Western Australia Limited.

(c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet commitments associated with financial instruments, eg borrowing repayments. It is the policy of the Board of Directors that treasury maintain adequate cash reserves or committed credit facilities and the ability to close-out market positions.

Financing arrangements

The following financing facilities were available at balance date:

	Carrying amount	Contractual cash flows	< 6 months	6-12 months	1-3 years	>3 years
	$	$	$	$	$	$
Financial Liabilities						
Trade creditors	53,984	53,984	53,984	-	-	-
TOTAL	53,984	53,984	53,984	-	-	-
Financial Assets (Loans and receivables including cash and cash equivalents						
Cash at bank and deposits at call	4,428,843	4,428,843	4,428,843	-	-	-
Receivables	93,102	93,102	93,102	-	-	-
Deposits with Government Departments	100,000	100,000	-	-	-	100,000
TOTAL	4,621,945	4,621,945	4,521,945	-	-	100,000

The Company holds sufficient deposits at banks to meet liquidity needs

(d) Interest rate risk

The Company's exposure to the risks of changes in market interest rates relates primarily to the Company's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

At balance date, the Company was exposed to a floating weighted average interest rate as follows:

	2008
Weighted average rate of cash balances	1.47%
Cash balances	$64,539
Weighted average rate of term deposits	8.00%
Term deposits	$4,364,304

Term deposits are normally invested between 30 to 365 days and other cash at bank balances are at call. All other financial assets and liabilities are non-interest bearing.

The Company invests surplus cash in interest bearing term deposits with financial institutions and in doing so it exposes itself to the fluctuations in interest rates that are inherent in such a market.

The Groups' exposure to interest rate risk is set out in the tables below:

Sensitivity analysis - 2008

	Carrying amount	+1.0% of AUD IR		-1.0% of AUD IR	
		Profit	Other equity	Profit	Other equity
	$	$	$	$	$
Cash and cash equivalents	4,428,843	44,288		(44,288)	
Tax charge of 30%		(13,286)		13,286	
After tax increase/(decrease)	4,428,843	31,002	-	(31,002)	-

The above analysis assumes all other variables remain constant.

(e) Price risk

The Company is not exposed to equity securities price risk. The Company has no investments held and classified on the balance sheet as available-for-sale.

(f) Commodity price risk

The Company is exposed to commodity price risk. This risk arises from its activities directed at exploration and development mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The Company does not hedge its exposures.

(g) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Company's foreign transactions are immaterial and it is not exposed to foreign currency risk.

23. COMMITMENTS

Exploration licence expenditure requirements

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence. The Company has commitments to expend funds towards earning or retaining an interest under its joint venture agreement with PlatSearch NL.

	2008
	$
Payable not later than one year	1,264,325
Payable later than one year but not later than two years	357,583
	1,621,908

It is likely that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment to the Company from time to time.

24. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 June 2008. The finalisation of the Company's ASX IPO and all applicable transactions were concluded during May 2008.

25. STATEMENT OF CASH FLOWS

Reconciliation of net cash outflow from operating activities to operating loss after income tax

		2008 $
(a)	Operating (loss) after income tax	(171,200)
	Depreciation	70
	Share based payments	4,117
	Non cash exploration capitalised	(26,091)
	Non cash share issue costs	(1,850)
	Change in assets and liabilities:	
	(Increase)/decrease in receivables	(93,102)
	(Decrease)/increase in trade and other creditors	53,984
	Net cash outflow from operating activities	(234,072)

(b) For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the cash management function. The Company does not have any unused credit facilities.

The balance at 30 June 2008 comprised:

Cash assets	64,539
Bank deposits (note 5)	4,364,304
Cash on hand	4,428,843

26. PENDING APPLICATION OF ACCOUNTING STANDARDS AFFECTED

The following Australian Accounting Standards have been issued or amended and are applicable but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date:

AASB Amendment	Title	Application date of Standard Accounting periods commencing after:
AASB 2007-3 Amendment to Australian Accounting Standards; and AASB 8	**AASB 6, 8, 107, 119, 127, 114**	**1 January 2009**
Effect The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments may involve changes to segment reporting disclosures within the Financial Report.		

AASB Amendment	Title	Application date of Standard Accounting periods commencing after:
AASB 2007 Amendments to Australian Accounting Standards; and AASB 123	**AASB 101, 107, 111, 116, 138, 123**	**1 January 2009**
Effect The revised AASB 123; Borrowing costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Presently the Consolidated Entity has nor material borrowing costs.		
AASB 2007-8 Amendments to Australian Accounting Standards; and AASB 101	**AASB 101**	**1 January 2009**
Effect The revised AASB 101; Presentation of Financial Statements issued in September 2007 requires the presentation of a Statement of Comprehensive Income. No known or reliably estimable information relevant to assessing the possible impact of these standards on the Consolidated Entity is presently available though it is anticipated that there will be no direct impact on the recognition and measurement criteria of amounts included in the Financial Report.		

Directors' Declaration

In accordance with a resolution of the Directors of Eastern Iron Limited, I state that:

(1) In the opinion of the Directors:

(a) financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2008.

On behalf of the Board

G Goodacre
Chairman
Sydney, 29 September 2008

Auditor's Independence Declaration

BARNES DOWELL JAMES

Incorporating P J Hennessy & Co

CHARTERED ACCOUNTANTS

Partners
C H Barnes FCA
A J Dowell CA
M W James CA
B Kolevski (Affiliate ICAA)
M Galouzis CA
Associate
M A Nakkan CA

Consultant
P J Hennessy FCA

North Sydney
Level 13, 122 Arthur St
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Manly
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Manly NSW 2095

Correspondence
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North Sydney NSW 2059

Telephone
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Facsimile
(02) 9929 7428
email:
bdj@bdj.com.au

AJD:ED

15 September, 2008

The Board of Directors
Eastern Iron Limited
Suite 3, Level 1
80 Chandos Street
ST LEONARDS NSW 2065

Dear Board of Directors,

EASTERN IRON LIMITED

We declare that to the best of our knowledge and belief, during the year ended 30 June, 2008 there have been:

i. No contraventions of auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

ii. No contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully,
BARNES DOWELL JAMES
Chartered Accountants

....
A.J. DOWELL
Partner

Liability limited by a Scheme approved under Professional Standards Legislation.

Website: www.bdj.com.au

BARNES DOWELL JAMES
Incorporating P J Hennessy & Co

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Independent Auditor's Report to the Members

Scope

We have audited the accompanying Financial Report of Eastern Iron Limited ("the Company"), including the Financial Statements of the Company, comprising the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow statement for the period then ended, a Summary of Significant Accounting Policies, other explanatory Notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the Financial Report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), International Financial Reporting Standards, and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Report that is free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Report to the Members of the Company based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Report in order to design audit procedures that are appropriate in the

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BARNES DOWELL JAMES

CHARTERED ACCOUNTANTS

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm the independence declaration required by the Corporations Act 2001 previously provided to the Directors of the Company would be in the same terms if provided as at the date of this Auditor's report.

Auditor's Opinion

In our opinion, the Financial Report of the Company is in accordance with the Corporations Act 2001, including;

a. Giving a true and fair view of the Company's financial position as at 30 June 2008 and of their financial performance for the year then ended; and

b. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

c. The Financial Report complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors Report for the year. The Directors are responsible for the preparation and presentation of the Remuneration Report in accordance with the Australian Accounting Standards. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards as described above.

psc Liability is limited by the Accountants Scheme

Independent Auditor's Report

BARNES DOWELL JAMES

CHARTERED ACCOUNTANTS

Auditor's Opinion

In our opinion the Remuneration Report complied with the relevant Australian Accounting Standards.

BARNES DOWELL JAMES
Chartered Accountants

....
Anthony J Dowell
Partner

29 September 2008

psc Liability is limited by the Accountants Scheme

Shareholder Information

Information relating to shareholders at 16 September 2008 (per ASX Listing Rule 4.10)

Ordinary shares

There were 26,000,450 quoted fully paid ordinary shares. The Company has 19,999,550 unquoted ordinary shares held by 2 shareholders under escrow until 16 May 2010.

Options

There were 9,270,000 unquoted options on issue. 9,150,000 options held by 9 holders are under escrow until 16 May 2010.

Top 20 Shareholders of Ordinary Shares as at 16 September 2008	**Shares**	**% Shares issued**
Mr Malcolm James Hill	1,722,000	6.62
Warman Investments Pty Ltd	1,000,000	3.85
Mr Kevin Arthur Thomas and Mrs Barbara Thomas	965,000	3.71
Clytray Pty Limited	607,441	2.34
Mrs Annette Mizon <The Bobbin Super Fund A/C>	510,000	1.96
PlatSearch NL	500,450	1.93
Budberth Pty Ltd <Ipseity S/F A/C>	500,000	1.92
Bluestone 23 Limited	500,000	1.92
Mr Chris Carr and Mrs Betsy Carr	500,000	1.92
Mr Carlo Chiodo	370,000	1.42
Hart Financial Services Pty Ltd <Hart Super Fund A/C>	350,000	1.35
Kimbriki Nominees Pty Ltd <Kimbriki Hamilton S/F A/C>	300,000	1.15
Nefco Nominees Pty Ltd	279,950	1.08
Mr Robert Lewis Richardson & Ms Susanne Brint	275,000	1.06
Mr Bruce Baker <Taylored Software S/F A/C>	250,000	0.96
Mr Maurice William Buckley	250,000	0.96
Ms Nadine May Buckley	250,000	0.96
Ipseity Pty Ltd	250,000	0.96
Sal-Corporation Asia Pacific Pty Ltd	250,000	0.96
Mr John Gillis Broinowski	250,000	0.96
Accord MBO Pty Ltd <MBO Super Fund A/C>	250,000	0.96
Total of top 20 holdings	10,129,841	38.95
Other holdings	15,870,609	61.05
Total fully paid shares issued	26,000,450	100.00

Shareholder Information

Substantial Shareholders	Shareholding
PlatSearch NL – 15,499,550 ordinary shares escrowed	16,000,000
Bluestone 23 Limited – 4,500,000 ordinary shares escrowed	5,000,000

Distribution of Shareholders

Number of ordinary shares held	**Number of Holders**	**Ordinary Shares**
1 – 1,000	18	15,674
1,001 – 5,000	87	253,197
5,001 – 10,000	162	1,512,652
10,001 – 100,000	305	11,372,831
100,001 – and over	40	32,845,646
	612	**46,000,000**

At the prevailing market price of 20 cents per share, there are 61 shareholders with less than a marketable parcel of $500.

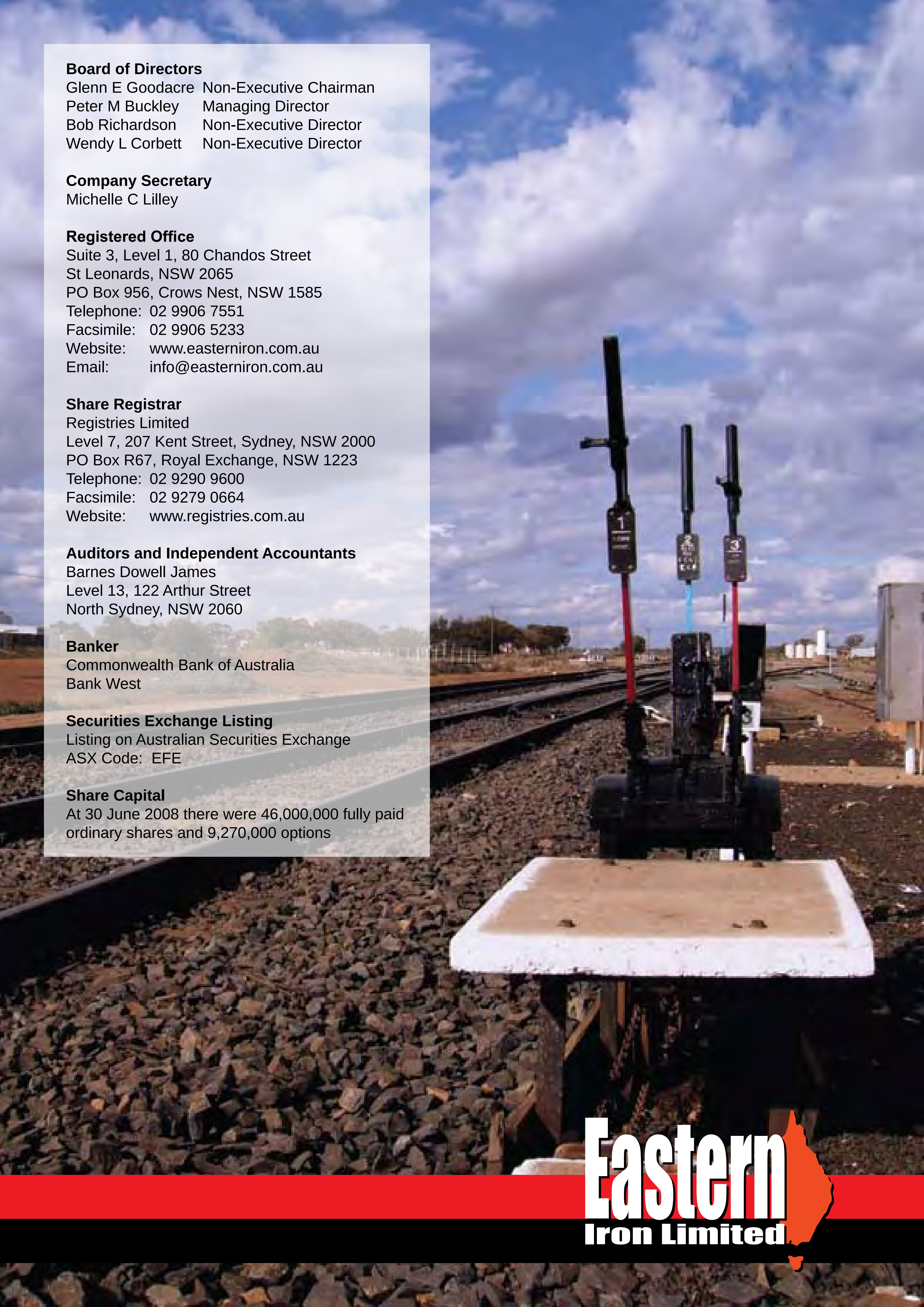
There is no current on-market buy-back.

Voting rights

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Optionholders have no voting rights until the options are exercised.

Statement under ASX Listing Rule 4.10.19

From the date of admission of the Company's shares on ASX (12 May 2008) to the date of this Annual Report, the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. Expenditures have been in line with Prospectus estimates.



Board of Directors

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

Company Secretary
Michelle C Lilley

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Suite 3, Level 1, 80 Chandos Street
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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

Banker
Commonwealth Bank of Australia
Bank West

Securities Exchange Listing
Listing on Australian Securities Exchange
ASX Code: EFE

Share Capital
At 30 June 2008 there were 46,000,000 fully paid ordinary shares and 9,270,000 options

Eastern Iron Limited


Eastern
Iron Limited
…iron’s new horizon