

4 Billion Tonne Magnetite Gneiss Exploration Target Identified at Warrambo

Target confirms potential for one of Australia's most significant new magnetite projects

Iron Road Limited (Iron Road, ASX:IRD, IRDO) is pleased to announce that an exploration target at the wholly owned Warrambo Iron project has been completed by Coffey Mining.

Highlights

- Independent interpretation suggests an exploration potential of 2.8 - 5.7 billion tonnes of magnetite gneiss at the Warrambo project in South Australia.
- Exploration targets prioritised to assist planning of future drilling campaigns.
- Magnetic anomalies indicate potential for +95km cumulative strike length of magnetite gneiss over project area.
- Substantial target suggests potential for necessary project size and status to justify a standalone export operation.
- Target marks completion of the initial development evaluation and commencement of the early pre-development phase.
- Strengthening potential for Warrambo to be one of the major magnetite iron ore projects currently under review in Australia.

Conceptual Magnetite Gneiss Exploration Target		
Priority	Strike Length (km)	Tonnage
1	25	870-1,750Mt
2	54	2,000-4,000Mt
<i>Total</i>	79	<i>2,870-5,750Mt</i>

The information in this report relating to exploration targets should not be misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo prospect.

With the establishment of this significant magnetite gneiss exploration target, Iron Road has demonstrated that Warrambo has the necessary potential size to justify further work towards developing a large scale magnetite iron ore export operation.

The target is a positive step towards the Company's objective of establishing a resource inventory that will underpin a 5-10Mtpa magnetite export operation for at least 20 years. Iron Road Chairman Mr Julian Gosse said the target marked the completion of the initial development evaluation and commencement of the early pre-development phase.

"The exploration potential underlines the strengthening potential for Warrambo to be one of the major magnetite iron ore projects in Australia," said Mr Gosse.

“The completion of our initial staged evaluation also marks the transitioning of Iron Road from an advanced exploration company to an early stage development prospect, with the Company now in the starting blocks towards potential development.

“The essential elements for the development of Warrambo continue to fall into place – high quality resource, potential concentrate specifications, numerous export options, supportive communities and now confirmation of the necessary significant size potential for the operation.”

With the project now transitioning from advanced stage exploration to early project pre-development, Iron Road will again adopt a staged approach.

Pre-development processes currently underway include:

- Investigation of a number of available infrastructure options (materials handling, ports, power and water);
- Project scoping; including marketing, assessment of financing options and further community engagement and Mineral Resource evaluation; and
- Continued engagement with potential development partners, with a view to introducing a substantial partner to the project at the appropriate stage.

Further details will be announced as these processes advance.

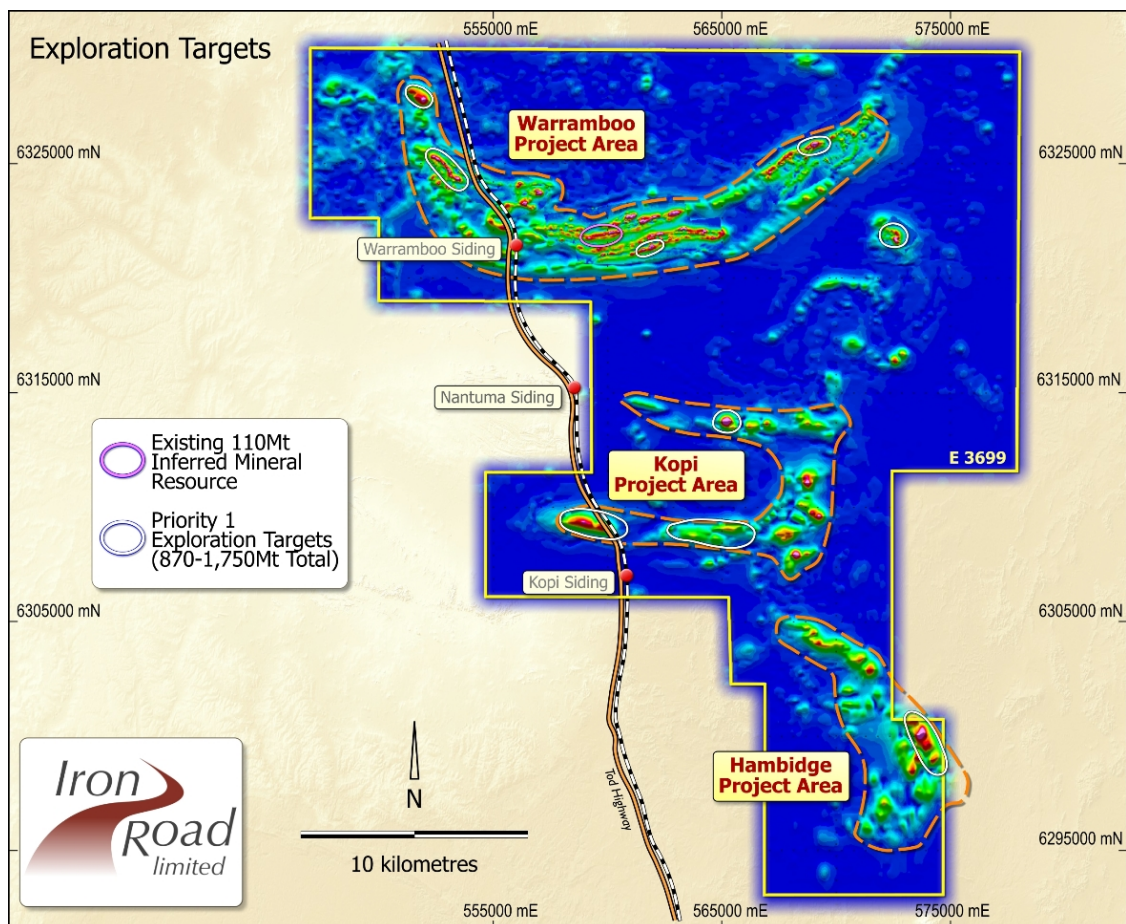


Figure 1- Existing inferred mineral resource and priority 1 exploration targets at Warrambo

The mineralisation drilled during stage 1 and 2 drilling campaigns has returned average Davis Tube Recovery (DTR) concentrate grades of ~70% iron.

The review of exploration potential has been undertaken by Coffey Mining Pty Ltd, utilising available information, including historical data, geophysics, drill analysis and assays. The Coffey Mining summary follows as *Attachment 1* and is supported by a more detailed study report. The exploration target excludes the 110Mt inferred Mineral Resource announced on 7 August 2009.

The Company's process design consultants, ProMet Engineers, are overseeing a major metallurgical test work programme that includes investigations into dry magnetic separation.

-ENDS-

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Competent Person's Statement

The information in this report that relates to Exploration Results is based on and accurately reflects information compiled by Mr Larry Ingle, who is a fulltime employee of Iron Road Limited and a Member of the Australasian Institute of Mining and Metallurgy. Mr Ingle has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ingle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to exploration potential is based on and accurately reflects information compiled by Mr Albert Thamm, Coffey Mining, who is a consultant and advisor to Iron Road Limited and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Thamm has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Thamm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears on 31 August, 2009 in West Perth.

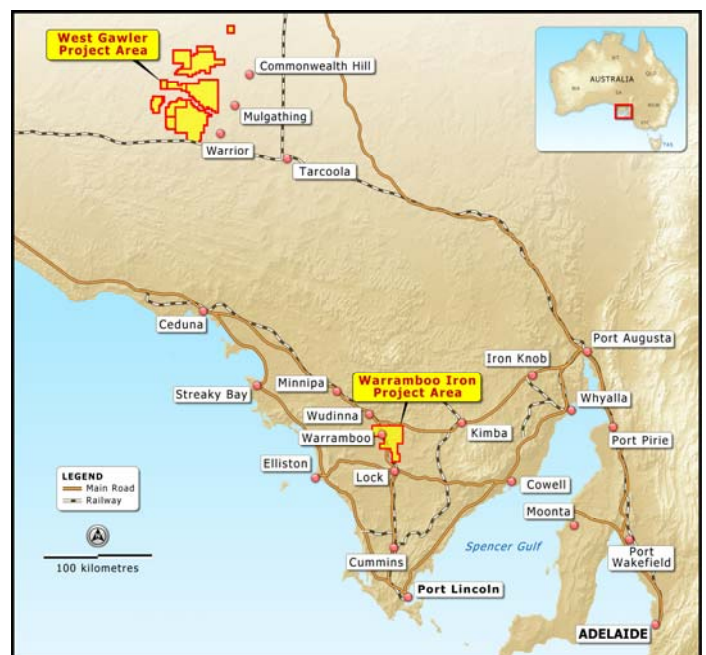


Figure 2 - Location of the South Australian projects.

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Memorandum

Date: 31 August 2009
Company: Iron Road Limited
Attention: Larry Ingle
From: Albert George Thamm
Subject: **Exploration Potential – Warramboe Iron Ore Project**

1 INTRODUCTION

Coffey Mining Pty Ltd (Coffey Mining) was engaged by Iron Road Limited (Iron Road) to undertake an exploration assessment of the Warramboe Iron Ore Project. Iron Road holds EL 3699 on the Eyre Peninsula, South Australia, which is being explored for iron mineralisation mostly in the form of magnetite. Coffey Mining has been asked to formulate exploration target ranges on the remainder of EL 3699, after the declaration of a maiden magnetite resource at Boo-Loo in August, 2009. In June 2008, Iron Road acquired the Warramboe Exploration Licence 3699 (area of 663km²) in its entirety from Adelaide Resources. Iron Road's objective at Warramboe is to build a Resource inventory of sufficient magnitude and tenor to warrant the development of a stand-alone mining operation.

2 GEOLOGY

The oldest rocks on the Eyre Peninsula are the Sleaford complex, comprising ortho- and para-gneisses, granite, granodiorite, felsic volcanics, phyllite, marble and magnetite rich metasediments. These rocks were deformed and metamorphosed to granulite facies mineralogy during the ~2440Ma Sleaford Orogeny. These are the basement to the Gawler Craton. The rocks that host the mineralisation have been subjected to high grade, prograde and also retrograde metamorphism and are now presented in the form of banded gneisses. Indications are that the metamorphosed host rocks were originally part of a clastic sedimentary sequence. Regolith and recent sediment thicknesses range from 10m to 100m. The oxide weathering zone averages 50m thickness. The cumulative strike length of magnetite gneisses, estimated from aeromagnetic data, is greater than 95km.

3 TARGET GENERATION

Regional magnetic and data were extracted from the South Australian State magnetic data compilation created by PIRSA (Primary Industries, South Australia). In the Warramboe area the most detailed recorded regional open file survey was Kyancutta, flown for Western Mining Corporation in 1994. Data were gridded to a 100m cell size. Later, detailed magnetic surveys were flown in four blocks covering areas prospective for magnetite mineralisation by Portman Mining during 2002. Magnetic data were

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initially processed and imaged by Cowan Geodata Services. Data were gridded to a 13m cell size. Data were reprocessed as part of this study by Hawke Geophysics of Perth, West Australia. Total magnetic intensity (TMI) grids were produced. First vertical derivative and analytic signal formatted grids were also produced after additional processing.

Coffey Mining recommends the Collins, Ben's Hill, WMC Bobtail, Kopi/Fairview and Hambidge targets as initial priority targets. Additional targeting in the Central South, Arunta, Anomaly A and Fairview East areas contributes a further 13km of strike of interpreted magnetite gneiss. The conceptual targeting is based on:

- Mineralisation projected to a relative depth of -300m from ground surface.
- An average 50m oxide zone is present.
- The mineralisation dips in the range between -40 and -60 degrees.
- The mineralisation envelope has a true thickness ranging from between 40m and 70m.
- A density of 3.1 g/cm³
- Head grades range from 18-25 % Fe.

Based on the above assumptions, the interpreted exploration tonnage range for the nine above-named prospects is between 870Mt and 1,750Mt. These prospects account for 25km of the 95km (approximately) of strike length identified. These are ranked Priority 1 targets.

In addition, lower magnetic intensity targets provide an additional 54km of strike length. These are assigned as Priority 2. Using the same methodology as before, the additional conceptual exploration target for the remainder of the tenement ranges between 2,000Mt and 4,000Mt of magnetite gneiss.

The information in this report relating to exploration targets should not be misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo prospect.

It is understood Iron Road will be independently targeting magnetite and haematite prospects on EL 3699 by undertaking additional drilling. Iron Roads' Phase 1 & 2 drilling has targeted selected anomalies in the northern part of the tenement, following up on ~5000m of drilling completed by previous tenement holders.

For and on behalf of Coffey Mining Pty Ltd



Albert George Thamm (FAusIMM - No. 203217)
Senior Consultant – Geology