

1.2 Billion Tonne Mineral Resource at the Central Eyre Iron Project

**Provides substantial additional scale to underpin ongoing
feasibility and infrastructure developments**

Highlights

- Iron Road delivers South Australia's largest iron ore Mineral Resource.
- Additional 907Mt in Mineral Resource compliant with the JORC Code reported for Murphy South more than triples the global Mineral Resources at Central Eyre Iron Project, from 328 million tonnes (Mt) to 1.2 billion tonnes (Bt).
- 60% of the Mineral Resource upgrade reported in the Indicated category.
- Global Mineral Resource now calculated from drilling conducted on less than 10% of project's known strike length.
- Mineral Resource upgrade delivered as part of ongoing prefeasibility study examining an initial 10 million tonne per annum high grade iron concentrate operation.
- Prefeasibility study work demonstrates simple beneficiation, including dry magnetic separation and a very coarse grind size, can deliver a premium high grade iron concentrate product, which has positive implications for project economics.
- Future work plan includes current geotechnical drilling for mine planning, with further resource expansion drilling to commence during February 2011.
- Coffey Mining has previously established an exploration target of 2.8 to 5.7Bt of magnetite gneiss at the project¹.

Iron Road Limited (Iron Road, ASX: IRD) is pleased to announce a substantial resource upgrade at the Central Eyre Iron Project (CEIP), with the Mineral Resources again tripling in size, in this instance from 328Mt to 1.2Bt. The resource upgrade comes as part of an ongoing Prefeasibility Study (PFS), evaluating an initial 10 million tonnes per annum high grade iron concentrate export operation expanding to 20 million tonnes per annum (Mtpa).

CEIP Global Mineral Resource							
Location	Classification	Tonnes (Mt)	Fe (%)	SiO₂ (%)	Al₂O₃ (%)	P (%)	LOI (%)
Murphy South	Indicated	542	16.6	52.9	12.6	0.09	0.3
	Inferred	365	16.8	52.4	12.7	0.08	1.4
Boo-Loo	Inferred	328	17.3	52.4	11.5	0.09	2.1
Total		1,235	16.8	52.6	12.3	0.09	1.1

The mineral resource estimates were carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd.

Iron Road's Managing Director, Mr Andrew Stocks, said that the resource upgrade was a significant result for the company, as the required size and scale potential of the project was now well demonstrated.

¹ Refer Competent Person's Statement

“This is a great result for Iron Road. The Central Eyre Iron Project continues to demonstrate it has the necessary size and scope to be a major iron producer, sitting alongside some of Australia’s most significant new wave of iron concentrate export operations currently under development.” said Mr Stocks.

“Significantly, sixty per cent of the Murphy South Mineral Resource has been classified as Indicated by Coffey Mining, demonstrating the robust nature of this deposit. We have also been able to establish that the iron ore present at the Central Eyre Iron Project is readily upgraded into a premium high grade iron concentrate by simple processing.

“Whilst the in-situ iron grades at Central Eyre are below that of some of our peers, this is more than offset by the very coarse grained nature of the magnetite mineralisation and the distinctive geology of the ore body.

“The prefeasibility study underway at the Project is continuing to demonstrate favourable processing results and I look forward to presenting the complete study in the short term,” said Mr Stocks.

The Mineral Resource estimate was calculated by Coffey Mining and is summarised in the table below. Full details can be found in Attachment 2.

Murphy South Mineral Resource Estimate								
Resource Classification	Oxidation	Material Type	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Inferred	Fresh	Disseminated	242	17.7	52.4	12.0	0.09	0.3
		Banded	53	13.4	54.6	14.1	0.07	0.5
	Oxide	Disseminated and banded	27	16.3	50.6	14.0	0.06	5.7
			43	16.4	50.3	14.0	0.06	5.9
<i>Total Inferred</i>			365	16.8	52.4	12.7	0.08	1.4
Indicated	Fresh	Disseminated	290	19.2	51.6	11.5	0.10	0.2
		Banded	252	13.6	54.4	14.0	0.08	0.5
<i>Total Indicated</i>			542	16.6	52.9	12.6	0.09	0.3
Total Murphy South			907	16.7	52.7	12.6	0.08	0.7

The Murphy South mineral resource estimate was carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd (refer attachment 2).

With the establishment of over one billion tonnes in Mineral Resources, Iron Road has now demonstrated the necessary size and scale of resource to underpin the capital required for a potential long life initial 10Mtpa high grade iron concentrate export operation and the development of associated export infrastructure.

Murphy South Indicative Concentrate Specifications						
Form	Fe (%)	Mass Rec (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Disseminated ¹	69.7	19.2	1.2	1.0	0.00	-3.2
Banded ²	69.3	12.4	1.2	1.0	0.00	-3.4

P80 passing -40µm
 1 based on 1824 DTR composites across the Murphy South deposit only
 2 based on 222 DTR composites across the Murphy South deposit only

Test work has demonstrated that at high quality concentrate grading 69.5% iron may be produced at Murphy South using a grind size of -40µm. Prefeasibility test work is investigating concentrate specifications at different grind sizes and their potential markets. The favoured option is currently to produce a coarse grained (grind size of -106µm), high grade blast furnace feed with low impurities suited to sinter feed.

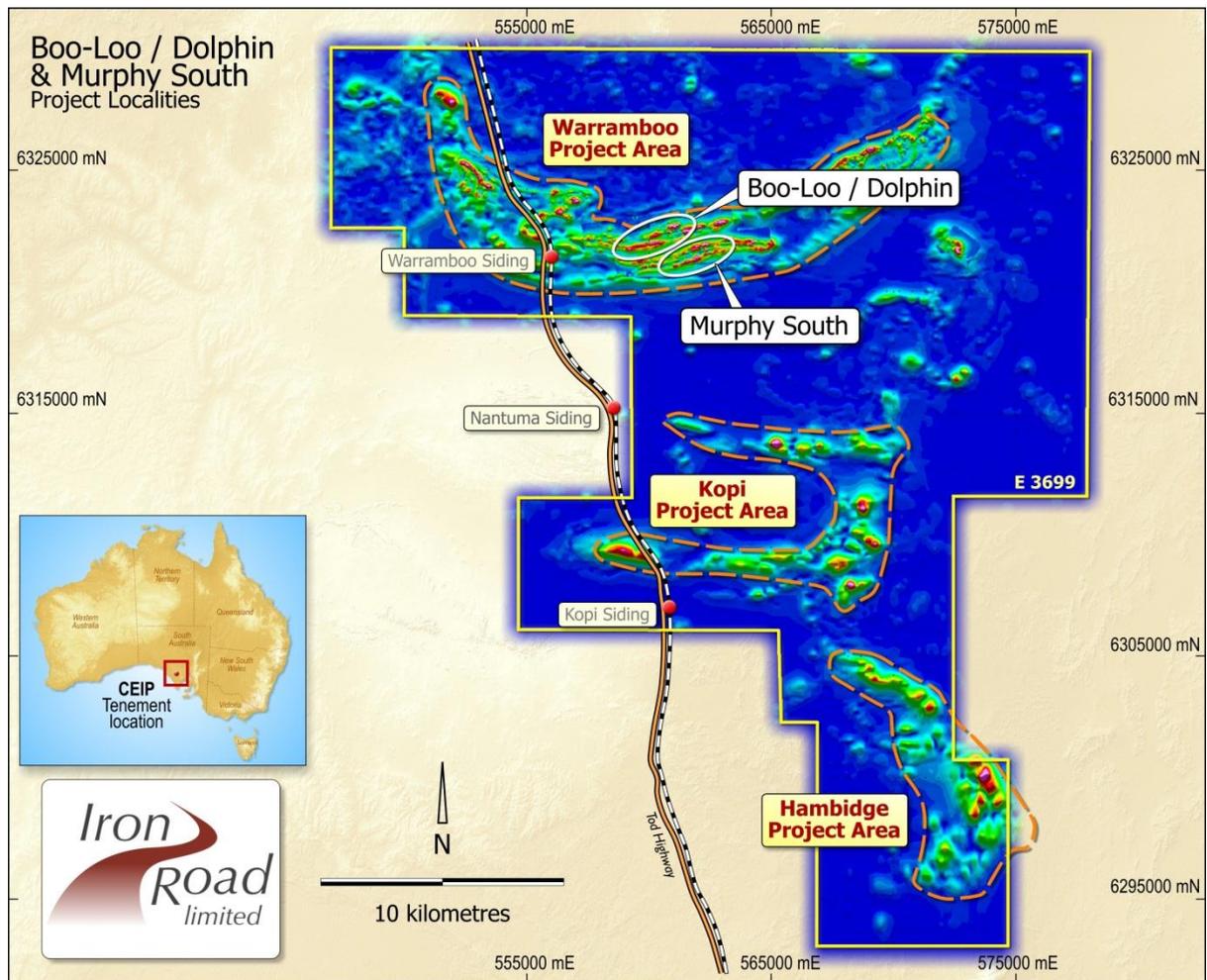


Figure 1

Project location plan

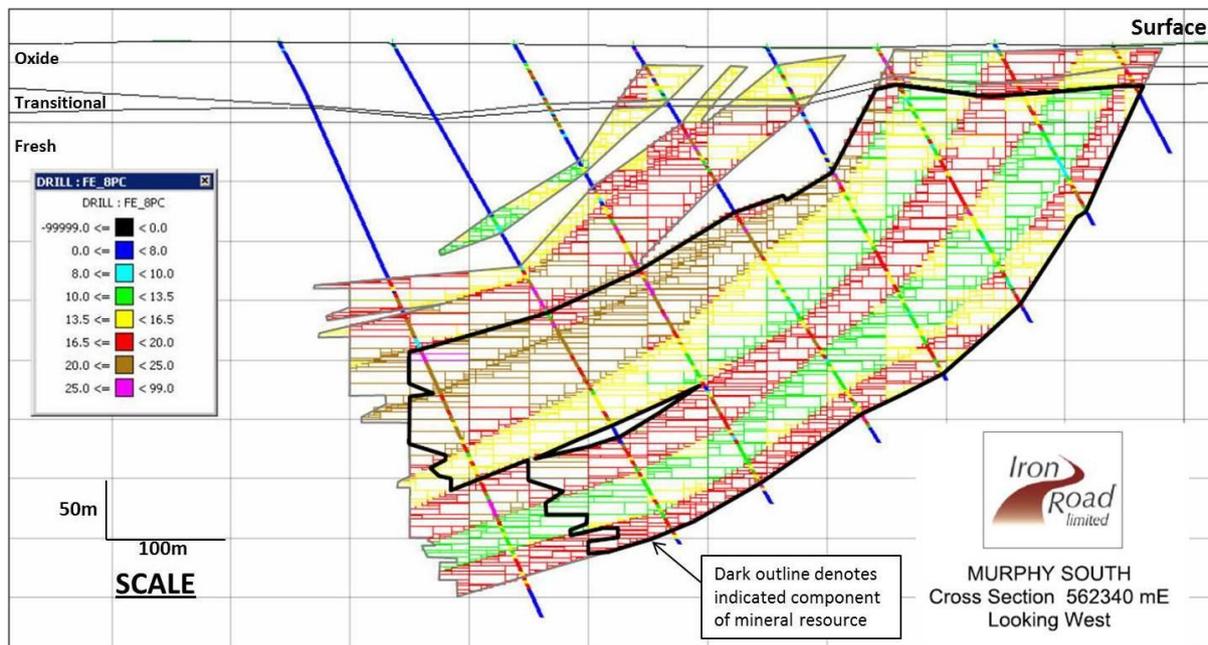


Figure 2

Section through Mineral Resource block model

The provision of appropriate infrastructure will play a vital role in the development of CEIP and Iron Road is pleased to note that the South Australian Government has designated the Sheep Hill port development north of Tumby Bay with major project status – Sheep Hill is only 130km from the CEIP.

As well as an evaluation of infrastructure options, the PFS currently underway has successfully demonstrated simple beneficiation and dry magnetic separation at 16-25mm will generate a premium magnetite concentrate and a preferred grinding option at a coarse -106µm grind size.

This compares favourably to other proposed or current magnetite operations in Australia such as Gindalbie's Karara project (<30µm) or Grange's Southdown project (<40µm). Although a full consideration of all economic factors is required to complete the PFS, this demonstrated coarse grind size and ready beneficiation of the magnetite is expected to have positive implications for project economics.

Iron Road is currently undertaking geotechnical drilling at Murphy South for mine planning, with further resource expansion drilling expected to commence during February 2011.

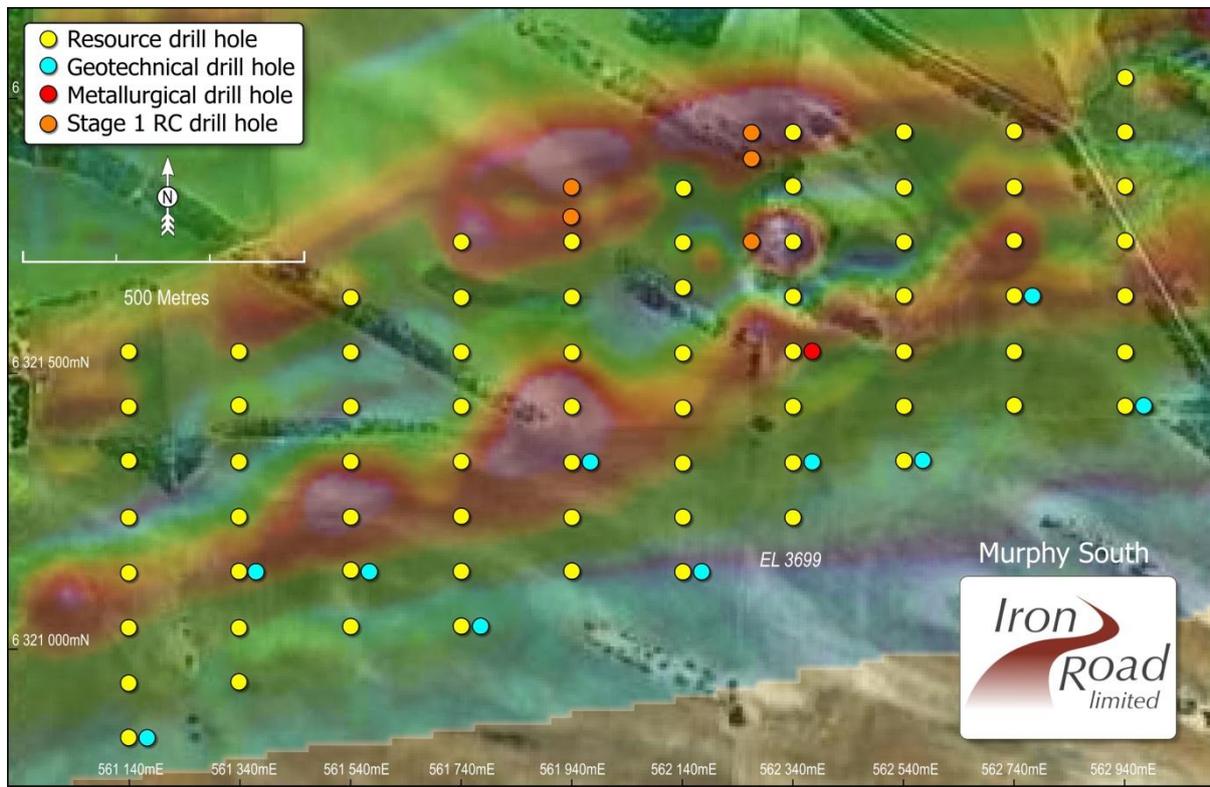


Figure 3

Murphy South drill plan

-ENDS-

For further information, please contact:

Andrew Stocks
 Managing Director
 Iron Road Limited
 Tel: +61 8 9200 6020
 Mob: +61 (0)403 226 748
 Email: astocks@ironroadlimited.com.au

Shane Murphy
 FD
 Tel: +61 8 9386 1233
 Mob: +61 (0)420 945 291
 Email: shane.murphy@fd.com

Or visit www.ironroadlimited.com.au

Iron Road's principal project is the Central Eyre Iron Project in South Australia (Figure 4). The wholly owned Central Eyre Iron Project is a collection of three iron occurrences (Warrambo, Kopi & Hambidge) with an exploration potential of 2.8-5.7Bt of magnetite gneiss[^].

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.



Figure 4 – South Australia project location map

The information in this report that relates to Mineral Resources is based on and accurately reflects information compiled by Mr Iain Macfarlane and Mr Alex Virisheff, both of Coffey Mining Ltd, who are consultants and advisors to Iron Road Limited and Members of the Australasian Institute of Mining and Metallurgy. Mr Macfarlane and Mr Virisheff have sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Macfarlane and Mr Virisheff consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to exploration targets 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.

The potential quantity and grade of an exploration target 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.

[^] Coffey Mining (Iron Road Limited ASX announcement 01 September 2009).

Attachment 1 – Mineral Resource Estimates

Murphy South Mineral Resource Estimate								
Resource Classification	Oxidation	Material Type	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Inferred	Fresh	Disseminated	242	17.7	52.4	12.0	0.09	0.3
		Banded	53	13.4	54.6	14.1	0.07	0.5
	Transitional Oxide	Disseminated and banded	27	16.3	50.6	14.0	0.06	5.7
			43	16.4	50.3	14.0	0.06	5.9
<i>Total Inferred</i>			365	16.8	52.4	12.7	0.08	1.4
Indicated	Fresh	Disseminated	290	19.2	51.6	11.5	0.10	0.2
		Banded	252	13.6	54.4	14.0	0.08	0.5
<i>Total Indicated</i>			542	16.6	52.9	12.6	0.09	0.3
Total Murphy South			907	16.7	52.7	12.6	0.08	0.7

Boo-Loo Mineral Resource Estimate							
Resource Classification	Oxidation	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Inferred	Fresh	277	17.3	52.5	11.5	0.095	0.5
	Transitional	13	17.0	52.4	11.6	0.094	10.7
	Oxide	38	17.2	52.1	11.6	0.094	10.8
Total		328	17.3	52.4	11.5	0.095	2.1

Central Eyre Iron Project Global Mineral Resource Estimate							
Resource Classification	Oxidation	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Inferred	Fresh	572	17.1	52.7	12.0	0.09	0.4
	Transitional	40	16.5	51.2	13.2	0.07	7.3
	Oxide	81	16.8	51.1	12.9	0.08	8.2
<i>Total Inferred</i>		693	17.0	52.4	12.1	0.09	1.7
Indicated	Fresh	541	16.6	52.9	12.6	0.08	0.3
Total		1,234	16.8	52.6	12.3	0.09	1.1

The Murphy South and Boo-Loo mineral resource estimates were carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd.

Coffey Mining ABN 52 065 481 209
1162 Hay Street, West Perth WA 6005 Australia,
PO Box 1671, West Perth WA 6872 Australia
T (+61) (8) 9324 8800 F (+61) (8) 9324 8877
coffey.com

Memorandum

Date: 8 February 2011
Company: Iron Road Ltd
Attention: Larry Ingle
Copy: Alex Virisheff
From: Iain Macfarlane
Subject: **Resource Estimation at Murphy South Magnetite Prospect**

Dear Larry

The Mineral Resource estimate for magnetite and goethite maghemite mineralisation at the Murphy South Magnetite Prospect is complete. The Mineral Resource Statement as at 08 February 2011 is tabulated overleaf.

The information in the report which relates to the Mineral Resource is based on information compiled by Iain Macfarlane and Alex Virisheff, who are Members of The Australasian Institute of Mining and Metallurgy. Iain Macfarlane and Alex Virisheff are employed by Coffey Mining Ltd.

Iain Macfarlane and Alex Virisheff have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Reserves".

For and on behalf of Coffey Mining Pty Ltd



Iain Macfarlane
Associate Resource Geologist



Alex Virisheff
Principal Resource Geologist

Table 1
Iron Road Limited
Warramboe Iron Ore Project
Murphy South Magnetite Prospect
Mineral Resources
Grade Tonnage – 8th February 2011
Reported within Material Type Horizons
Fresh (Magnetite) and Transitional (Mixed - Magnetite and Hematite) and
Oxidised (Mixed - Goethite / Maghemite, Hematite and Magnetite)
Lower Grade Cutoff of 12% Fe Applied
Whole Rock Grades

Resource Class	Material Type	Oxid. State	Tonnes (Mt)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%	CaO%	K ₂ O%	MgO%	MnO%	S%	TiO ₂ %
Inferred	Disseminated	Fresh	242	17.7	52.4	12.0	0.09	0.3	1.4	2.9	2.3	1.1	0.02	0.6
	Banded		53	13.4	54.6	14.1	0.07	0.5	1.2	3.3	2.5	2.4	0.01	0.6
	Mixed disseminated and banded	Transition	27	16.3	50.6	14.0	0.06	5.7	0.9	2.0	0.9	1.3	0.13	0.6
		Oxidised	43	16.4	50.3	14.0	0.06	5.9	1.2	1.8	0.8	1.3	0.13	0.6
Total Inferred			365	16.8	52.4	12.7	0.08	1.4	1.3	2.8	2.1	1.3	0.03	0.6
Indicated	Disseminated	Fresh	290	19.2	51.6	11.5	0.10	0.2	1.2	2.7	2.3	0.9	0.01	0.5
	Banded		252	13.6	54.4	14.0	0.08	0.5	1.1	3.3	2.5	2.4	0.01	0.6
Total Indicated			542	16.6	52.9	12.6	0.09	0.3	1.2	3.0	2.4	1.6	0.01	0.6

Notes:

- There is drilling coverage for the whole rock grades (in total 11 grade items) on a 200m by 100m grid over the target areas, drilling being aligned along sections orientated north south. Indications are that the strongly metamorphosed host rocks (disseminated and banded magnetite gneisses) were originally part of a clastic sedimentary sequence. These host rocks, were intersected by 78 drillholes. Five of the drillholes were drilled in 2008 as part of an initial scout programme using reverse circulation (RC) methods. The remaining 73, collared by RC drilling followed by diamond tails, were drilled in 2010.
- Statistical analyses on samples and 4m composites were completed. Variography was also conducted as input into the grade estimation.
- Grade estimates were calculated for 100m (east-west) by 50m (north-south) by 10m (vertical) blocks. The interpolation method used to obtain grade estimates was Ordinary Kriging.
- Average in situ dry bulk densities were applied. For the various fresh host rocks, a bulk density value of 3.1t/m³ was used for grade ranges greater than 12% Fe. Density measurements obtained from downhole geophysical methods were assessed. Data is clustered and so is not representative of the prospect area as a whole. Further work is required in this respect. No determinations have been carried out to ascertain in situ dry bulk density for the transition or oxidised materials. Values of 2.5t/m³ and 2.1t/m³ estimated from the Boo-Loo and Dolphin prospects located about 1km to the northwest of Murphy South, have been assigned to these materials respectively.
- Classification into Indicated and Inferred Mineral Resource was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and quality. The requirements for infill drilling, together with uncertainties in geological interpretation and mineralisation envelopes in the more structurally complex zones and no density data for the oxide material have resulted in a part of the mineralised sequence being classified as an Inferred Mineral Resource.
- Samples obtained from the existing drilling were composited to a nominal 4m interval and were submitted for Davis Tube testwork (DTT). Samples were predominantly taken from the unoxidised (fresh) portion of the drillholes.
- DTT has been undertaken to determine the percent weight recovery (DTR) of magnetic material (concentrate). The concentrate has then been assayed to establish its grade characteristics.
- As the concentrate grades are representative of the recovered portion only, the estimation requires the use of service variables to ensure the blocks are appropriately weighted. Service variables are calculated as DTR multiplied Fe grade, DTR multiplied SiO₂, DTR multiplied Al₂O₃ and so on for the remaining grade items (11 in all).
- Statistical analyses were also completed on DTT samples, subsequent 4m composites and service variables. Variography was undertaken on DTR, concentrate grades and service variables.
- Ordinary Kriging was used to obtain estimates of DTR and service variables. However, the reduced density of DTT data resulted in a large proportion of blocks being unestimated. As a consequence, the confidence level in the DTR and concentrate grade estimates is considered to be low.
- Hence, mean values were derived from composite DTT data values to indicate the possible recovery and concentrate characteristics. (Note: samples selected for DTT composites were on the basis of geological logging of magnetite-rich horizons. They indicate that the DTR is likely to be in the order of 19.2% and the concentrate grade approximately 69.7% Fe, 1.2% SiO₂, 1.0% Al₂O₃, 0.003% P, -3.2% LOI, 0.08% CaO, 0.06% K₂O, 0.2% MgO, 0.7% MnO, 0.002% S and 0.1% TiO₂ for the disseminated magnetite gneiss and in the order of 12.4% for DTR and the concentrate grade approximately 69.3% Fe, 1.2% SiO₂, 1.0% Al₂O₃, 0.003% P, -3.4% LOI, 0.08% CaO, 0.06% K₂O, 0.2% MgO, 0.6% MnO, 0.002% S and 0.1% TiO₂ for the banded magnetite gneiss. These recoveries apply only to the fresh material. Testwork has yet to be carried out on transition and oxide materials.