

Iron Road Announces Funding for Continuation of Definitive Feasibility Study

Iron Road Limited (Iron Road, ASX: IRD) is pleased to announce the Company has secured \$11.5 million (before costs) in additional funds to continue with the CEIP definitive feasibility study (DFS) and to option or purchase key land on the Eyre Peninsula of South Australia.

Highlights

- A\$11.5 million (before costs) secured to continue project development and commence the acquisition of key land.
- Definitive Feasibility Study for Central Eyre Iron Project (CEIP) ongoing with recent key milestones passed including appointment of key engineering service providers for review of three major project components – mine, processing plant and infrastructure.
- Continued Mineral Resource expansion to underpin a long life operation producing 20-25Mt per annum of high quality iron concentrates.

The funds have been raised via a placement and will be used to continue funding of the CEIP Definitive Feasibility Study, acquisition of land and for general working capital. 21,027,036 shares will be issued at a price of \$0.55, under Iron Road's 15% placement capacity. Further shareholder approval will not be required.

The DFS currently underway will assess opportunities for expanded production over the PFS level of 12.4Mtpa, following the delineation of significant additional Mineral Resources.

As a result of further funding, the CEIP will continue its rapid development as it emerges as a significant iron ore development in Australia and one of South Australia's leading mining development projects.

The raising was strongly supported by long term Iron Road institutional investors including specialist resources investor *The Sentient Group* and endowment funds associated with *Columbia* and *Duke Universities*. The Sentient Group will subscribe to the placement in two tranches (T1=4.9M shares, T2=5.2M shares), the second tranche being on or about the 16 May 2012. As a result of this placement, The Sentient Group and Columbia University increase their holdings to 34.3% and 7.2% of the Company respectively.

Iron Road Managing Director, Mr Andrew Stocks, said that the continued strong support of significant institutions reflected the growing recognition of the underlying value of the Central Eyre Iron Project.

"At every stage of developing the Central Eyre Iron Project we have consistently demonstrated its commercial viability with increasing confidence. These funds will allow us to continue the journey to development and take the project to the next stage," said Mr Stocks.

"Securing land for the associated infrastructure is a significant strategic step for the Company. By commencing this action we have responsibility and control of the delivery of key assets, as we build South Australia's largest iron ore project.

“I very much look forward to delivering the Definitive Feasibility Study. The funds secured today, from a diverse range of leading global institutions, are testament to the growing confidence in the project. Our economics and development rationale are now well understood and is up to us to deliver on that underlying promise,” said Mr Stocks.

Activities for 2012 will include ongoing engagement with impacted communities, definitive feasibility study for the project, finalisation of export infrastructure (port, rail) as well as continued discussions with potential project development partners.

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Iron Road has a strong project portfolio including a development stage project with excellent infrastructure, complemented by earlier stage projects.

Iron Road's principal project is the Central Eyre Iron Project (CEIP) in South Australia. A prefeasibility study has demonstrated the viability of a mining and beneficiation operation initially producing 12.4Mtpa of iron concentrate for export. A definitive feasibility study is assessing production of 20-25Mtpa of iron concentrates.

Test work indicates that a coarse-grained, high grade, blast furnace quality concentrate may be produced at a grind size of $-106\mu\text{m}$ grading 67% iron with low impurities.

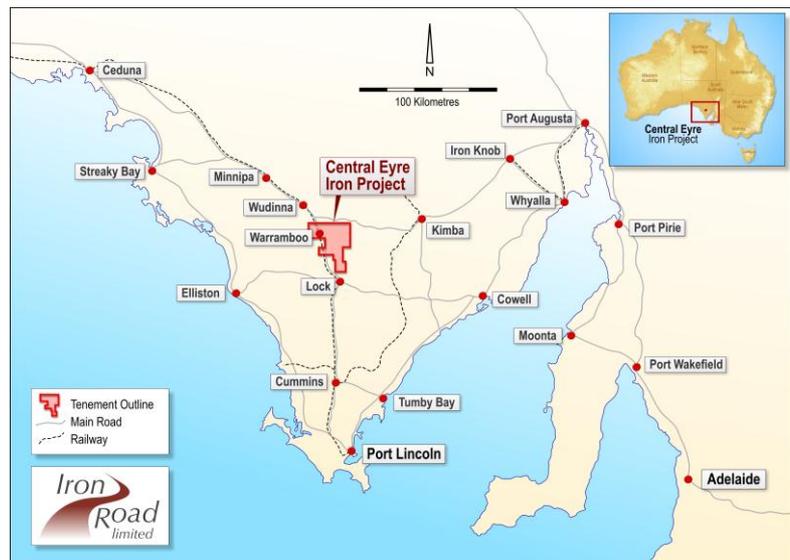


Figure 1

Central Eyre Iron Project

The Company has a multidisciplinary Board and management team that are experienced in the areas of exploration, project development, mining, steel making and finance.