

FULLY UNDERWRITTEN \$40M CAPITAL RAISING TO CONTINUE DEVELOPMENT OF EXPANDED CENTRAL EYRE IRON PROJECT

Iron Road Limited (Iron Road, ASX: IRD) today announced a fully underwritten 31-for-40 accelerated non-renounceable entitlement offer (the **Entitlement Offer**) of new Iron Road shares (**New Shares**) at an offer price of \$0.32 per New Share (**Offer Price**) to raise approximately \$40 million. The Entitlement Offer comprises an institutional component (the **Institutional Component**) and a retail component (**Retail Entitlement Offer**). The Entitlement Offer is fully underwritten by CIBC Australia Ltd (the **Underwriter**).

Funds raised from the Entitlement Offer will be used to continue the significant progress made to date on the Definitive Feasibility Study (**DFS**) for the expanded Central Eyre Iron Project (**CEIP**), which is evaluating annual production of **20 million tonnes** of premium iron product as well as initiating associated land acquisitions.

Iron Road will also devote funds from the Entitlement Offer to the completion of a scoping study for the smaller Gawler Iron Project, which may offer the opportunity for development of an initial revenue generating project, ahead of the CEIP.

Highlights

- The ongoing DFS work includes evaluation of an expanded production profile for CEIP which offers significant scope for operating cost reduction and reduced unit cost per installed tonne of export capacity.
- Gawler Iron Project offers potential for development on a shorter timeframe than required for CEIP.
- High calibre team now in place enables Iron Road to grow the company's iron ore business.
- Entitlement Offer fully underwritten by CIBC Australia Ltd, a wholly owned subsidiary of Canadian Imperial Bank of Commerce, a major Canadian chartered financial institution.
- The Retail Entitlement Offer is fully sub-underwritten by major Iron Road shareholder, and private equity resources fund, the Sentient Group.

Iron Road's Managing Director, Mr Andrew Stocks, said the Entitlement Offer was intended to underpin the current DFS underway for a significantly expanded CEIP.

“Progress on the CEIP has been significant and our decision to seek an expanded level of production has evolved the project considerably over the last year. We are now working to open a new iron ore province in South Australia, with the potential to become a key player in the Australian iron ore industry,” Mr Stocks said.

“Realising the potential of CEIP requires a sustained, determined effort. Iron Road also has supportive major shareholders who likewise see the need to continue our progress if we are to successfully develop CEIP.

“I am also pleased to be able to invite our other valued shareholders to participate alongside these shareholders and will offer a shortfall facility for our investors,” Mr Stocks said.

Project Overview

The DFS currently underway builds on the successful prefeasibility study completed in 2011, which found that a smaller 12.4 Mtpa operation was feasible, with competitive operating costs, premium sales pricing potential, and with capital costs comparable to similar projects currently under construction.

With a DFS in hand, Iron Road hopes to be able to demonstrate the value present at CEIP, as well as allowing detailed discussions with potential project partners and capital providers.

Expansion of the level of production under the DFS, to 20 Mtpa, potentially offers significant project improvements over the already strong PFS case. The larger base offers the potential for a further reduction in operating costs due to more efficient use of infrastructure as well as lowering the unit cost per installed tonne of export capacity.

Concurrent with the ongoing studies under the DFS, Iron Road continues drilling at the CEIP, with a mineral resource upgrade expected at the Rob Roy area of the deposit by year end.

The scoping study for the Gawler Iron Project will evaluate the potential for a smaller scale, faster start up project. Gawler exhibits a number of positive characteristics including excellent beneficiation characteristics and further exploration upside. Iron Road recently moved to 90% ownership of this project.

Fully Underwritten Capital Raising

Approximately 124.9 million New Shares will be issued as a result of the Entitlement Offer and will rank equally with existing shares in Iron Road.

The Offer Price represents:

- a 16% discount to the 20 day volume weighted average price of \$0.38 for Iron Road shares on 30 July 2012, the last trading day prior to the announcement of the Entitlement Offer; and
- an 8.1% discount to the Theoretical Ex-Rights Price¹.

Eligible shareholders will be able to subscribe for 31 New Shares for every existing 40 Iron Road shares held at 7pm (AEST) on Monday 13 August 2012 (**Record Date**).

Key dates of the Entitlement Offer are provided in the table overleaf.

Institutional Component

Certain institutional shareholders have committed to the Underwriter that they will take up their full entitlement under the Institutional Component, representing approximately 16% of the Entitlement Offer as a whole.

The Sentient Group, Iron Road's largest shareholder, has agreed with the Underwriter to fully sub-underwrite the Retail Entitlement Offer.

The settlement and allotment of New Shares under the Institutional Component is expected to occur on 15 August 2012 and 16 August 2012, respectively.

Retail Entitlement Offer

Iron Road retail shareholders with a registered address in Australia, New Zealand (or in any other jurisdiction as Iron Road has determined is eligible to participate in the Entitlement Offer) on the Record Date (**Eligible Retail Shareholders**) will be entitled to participate in the Retail Entitlement Offer at the same Offer Price and the same offer ratio as the Institutional Component. Eligible Retail Shareholders will be entitled to acquire 31 New Shares for every 40 existing Iron Road shares held on the Record Date. Fractional Entitlements to New Shares will be rounded up. The Retail Entitlement Offer will open 10am AEST on Tuesday 14 August 2012 and will close 5pm AEST Tuesday 4 September 2012.

If Eligible Retail Shareholders do not take up their Entitlements in full, the shortfall will be allocated to those shareholders who apply for additional New Shares (**Shortfall Facility**). If applications exceed the shortfall, the shortfall will be allocated on a proportionate basis having regard to the relative registered holdings on the Record Date of all shareholders who have applied for shortfall shares under the Shortfall Facility. Any scale back will be subject to the availability of shortfall

¹ The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which Iron Road shares should trade after the ex-rights date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. TERP is calculated by reference to Iron Road's closing price on 30 July 2012 of \$0.37 per share, being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Iron Road shares trade following the ex-rights date will depend on a variety of factors and may not equal or approximate to TERP

shares and at Iron Road's absolute discretion. The Sentient Group will not be eligible to participate in any Shortfall Facility.

The terms and conditions on which Eligible Retail Shareholders are entitled to participate in the Retail Entitlement Offer and further details about the Retail Entitlement Offer will be set out in a retail offer booklet², which Iron Road expects to lodge with ASX on Thursday 2 August 2012, and despatch on or around, Tuesday 14 August, 2012.

As the Entitlement Offer is non-renounceable, there will be no trading of entitlements.

Entitlement Offer Timetable

Event	Date (2012)
Announcement of Entitlement Offer and commitment under Institutional Component	Thursday, 2 August
Securities trade on an ex-entitlements basis	Tuesday, 7 August
Record Date (7pm AEST)	Monday, 13 August
Retail Entitlement Offer opens	Tuesday, 14 August
Settlement of Institutional Component	Wednesday, 15 August
Issue of New Shares under the Institutional Component; normal trading of New Shares issued under the Institutional Component commences	Thursday, 16 August
Retail Entitlement Offer closes (5pm AEST)	Tuesday, 4 September
Announcement of Retail Entitlement Offer results	Friday, 7 September
Settlement of Retail Entitlement Offer	Monday, 10 September
Issue of New Shares under the Retail Entitlement Offer	Tuesday, 11 September
Normal trading of New Shares issued under the Retail Entitlement Offer commences	Wednesday, 12 September

Important Information

This announcement does not constitute an offer of securities in any jurisdiction in which, or to any person to whom it would not be lawful to make such an offer. In particular, this announcement and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any

² Additional eligibility criteria will be set out in the Retail Offer Booklet

securities in the United States. This announcement has been prepared for publication only in Australia and New Zealand, and may not be released elsewhere, including in the United States. The New Shares offered in the Entitlement Offer have not been, and will not be, registered under the U.S. Securities Act of 1933 (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered or sold in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

This announcement contains forward-looking statements, opinions and estimates including statements regarding the future development of Iron Road's projects, the progress and outcome of the scoping and feasibility studies and the outcome and use of proceeds of the Entitlement Offer. Forward-looking statements can generally be identified by the use of forward-looking words such as "may," "should," "expect," "anticipate," "estimate," "scheduled" or "continue" or the negative thereof or comparable terminology. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Iron Road's control, and which may cause actual results to differ materially from those expressed in the statements contained in this letter and the attached materials. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to Iron Road as of the date of this letter. Except as required by law or regulation (including the ASX Listing Rules), Iron Road undertakes no obligation to update these forward-looking statements.

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Iron Road's principal project is the Central Eyre Iron Project, South Australia. The wholly owned Central Eyre Iron Project is a collection of three iron occurrences (Warrambo, Kopi & Hambidge) with an exploration potential of 2.8-5.7 billion tonnes of magnetite gneiss at a grade of 18-25 % iron*.

* Coffey Mining (Iron Road Limited ASX announcement 01 September 2009).

* It is common practice for a company to comment on and discuss its exploration in terms of target size, grade and type. 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, Dolphin and Murphy South prospect.



The information in this report that relates to exploration targets at the Central Eyre Iron Project 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.