

ASX Announcement

3 August 2012

Company Announcements Office
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

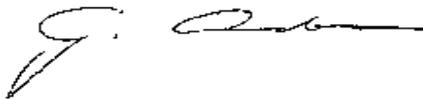
Dear Sir/Madam

Iron Road Limited Entitlement Offer – Notice to Ineligible Shareholders

Pursuant to the Entitlement Offer announced on 2 August 2012, please find attached a letter despatched to ineligible Iron Road Limited shareholders today.

Yours sincerely,

IRON ROAD LIMITED



Graham Anderson
Company Secretary

3 August 2012

Dear Shareholder

Iron Road Limited Entitlement Offer - Notice to ineligible shareholders

On 2 August 2012, Iron Road Limited (**Iron Road**) announced a fully underwritten 31 for 40 accelerated non-renounceable entitlement offer of fully paid ordinary shares in Iron Road (**New Shares**) at an offer price of \$0.32 per New Share (**Offer Price**) to raise approximately \$40 million (**Entitlement Offer**). The Entitlement Offer comprises an institutional component and an offer to eligible retail shareholders (**Retail Entitlement Offer**) at the same Offer Price and offer ratio.

The Entitlement Offer is fully underwritten by CIBC Australia Ltd (**Underwriter**) and the Retail Entitlement Offer will be fully sub-underwritten by the Sentient Group, Iron Road's largest shareholder. There will also be a shortfall facility under which eligible shareholders may subscribe for additional New Shares if they wish to do so, subject to compliance with the ASX Listing Rules and the *Corporations Act 2001* (Cth) (**Corporations Act**).

The proceeds of the Entitlement Offer will be used to fund Iron Road's ongoing work program for the definitive feasibility study on the Central Eyre Iron Project (the **CEIP**), initiate land acquisitions associated with the CEIP and complete of a scoping study on the Gawler Iron Project.

This letter is to inform you about the Entitlement Offer and explain why you will not be able to subscribe for New Shares in the Entitlement Offer. This letter is not an offer to issue New Shares to you; nor is it any invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

1 Details of the Entitlement Offer

Following completion of the Entitlement Offer, Iron Road will have issued approximately 124.9 million New Shares resulting in a total of approximately 286.1 million Iron Road shares on issue.

The New Shares will rank equally with all other fully paid ordinary shares of Iron Road (**Shares**) including in respect of dividends, from the date of allotment.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their entitlements in full will not receive any value in respect of those entitlements and their percentage shareholding in Iron Road will be reduced following the issue of all New Shares under the Entitlement Offer. Any fractional entitlements will be rounded up to the nearest whole number of New Shares.

2 Eligible Retail Shareholders

The Retail Entitlement Offer is available to all Eligible Retail Shareholders of Iron Road.

Eligible Retail Shareholders are those holders of Shares who:

- (a) are registered as a holder of Shares as at 7pm (AEST) on 13 August 2012 (the record date for the Retail Entitlement Offer);

- (b) have a registered address in Australia or New Zealand or in any other jurisdiction as Iron Road has determined (in its absolute discretion) is eligible to participate in the Entitlement Offer;
- (c) are not in the United States or acting on behalf of a person in the United States;
- (d) were not an institutional shareholder who received an offer under the institutional component of the Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Notwithstanding the foregoing, Iron Road may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder in foreign jurisdictions that did not participate in the institutional component of the Entitlement Offer (subject to compliance with applicable laws, including the laws of such shareholder's jurisdiction).

3 Ineligible Retail Shareholders

Shareholders who are not Eligible Retail Shareholders are ineligible retail shareholders (**Ineligible Retail Shareholders**). Iron Road reserves the right to determine whether a shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

The restrictions upon eligibility to participate in the Retail Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to Iron Road of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing Iron Road ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled. Iron Road has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3) of the Corporations Act, that it would be unreasonable to make or extend offers to shareholders in certain countries under the Retail Entitlement Offer.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder set out in **paragraph 2** above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, Iron Road wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer.

However, in accordance with section 615 of the Corporations Act, arrangements have been made for the New Shares that would have otherwise been offered to be issued to a nominee appointed by Iron Road and approved by the Australian Securities and Investments Commission. The nominee will sell the New Shares at a price and otherwise in a manner determined by the nominee in its sole discretion. Neither Iron Road nor the nominee will be held liable for the sale of any New Shares at any particular price or the timing of such sale. The nominee will then distribute the proceeds of sale that are in excess of the Offer Price, if any, net of expenses and any applicable withholding tax, to you. The proceeds of the sale (if any) will be paid in Australian dollars. However, there is no guarantee that you will receive any proceeds. Furthermore, your percentage shareholding in Iron Road will be reduced following the issue of New Shares under the Entitlement Offer.

You are not required to do anything in response to this letter.

On behalf of the Board of Iron Road, I thank you for your continued support.

Yours faithfully



Julian Gosse

Chairman

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Important Information

This letter 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 letter and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. This letter has been prepared for publication only in Australia and New Zealand, and may not be released 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 letter contains forward-looking statements, opinions and estimates including statements regarding 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.

For further information, please contact:

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