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CENTRAL EYRE IRON PROJECT UPDATE

Iron Road Limited (Iron Road, ASX: IRD) is pleased to announce an update on progress of the Definitive Feasibility Study (DFS) aimed at advancing the flagship Central Eyre Iron Project (CEIP).

Iron Road Managing Director, Mr Andrew Stocks, said that the Company had made significant progress across all operational areas.

"Engineering and Design Service activities are now well underway for the CEIP, with significant amounts of desktop, field and laboratory work continuing across all disciplines," Mr Stocks said.

"We've also of course been hard at work drilling alongside the DFS and expect to be able to provide an update to the CEIP Mineral Resource prior to year end."

Overview

- Owner's team of over 25 professionals covering areas such as infrastructure, mining, geology, metallurgy and social aspects of the project established in the Iron Road head office in the Adelaide CBD.
- *Engineering and Design Service* (EDS) providers secured under various contracts for mining, process plant, tailings and infrastructure packages, including several smaller related studies.
- Proposals for study services requested for water supply and treatment; airport upgrade and planning commenced for construction camp and operations village.
- The DFS continued with investigations and engineering for the mine design, process plant, tailings storage and major infrastructure facilities, including rail line and train systems, stockyards at the mine and potential ports, as well as marine jetty and multi-user ship berth.
- Mining studies utilising preliminary pit shell estimation for the CEIP Mineral Resource and initial bench height analysis was conducted. This will assist in the selection of suitable excavation and hauling fleets.
- Over 1,000m of large diameter (85mm – PQ) drill core delivered to AMDEL-BV, a leading mineral laboratory service provider, for confirmatory metallurgical tests as well as quantitative mineralogical characterisation. Initial results suggest that additional opportunities to lower power demand and optimise iron recovery may be available through improved classification around the milling circuits and consideration of gravity-based beneficiation processes.
- Pilot test of High Pressure Grinding Rolls (HPGR) with the potential to deliver improved energy efficiency of ore breakage, is scheduled for September 2012.
- Dynamic simulation of ore treatment and concentrate handling has advanced to confirmation of major equipment sizes to produce 20Mtpa of concentrate per annum. Results of core testing will be applied to optimisation of beneficiation equipment.
- Discussion with ElectraNet continued over power transmission options. Conclusion of this procedure will provide direction for investment and ownership of transmission assets which will support the CEIP.

Definitive Feasibility Study – *Central Eyre Iron Project*

The Central Eyre Iron Project (covering 663km^2) is located on the Eyre Peninsula of South Australia, within a grain farming district, approximately 30km southeast of the regional centre of Wudinna. The project will target production of product for international markets, suitable as blending feedstock for sinter plants – which supply the majority of steel blast furnaces.

Current total (Indicated and Inferred) Mineral Resources at the CEIP exceed 2.1 billion tonnes magnetite gneiss[1], with potential for resource expansion in the near term to 2.8 to 3.0 billion tonnes magnetite gneiss[2]. This will be achieved through the extension of the Murphy South and Rob Roy orebody, by diamond drilling, both along strike and down dip.

A large scale magnetite mine is being studied to extract about 110Mtpa of mineralised rock and about 90Mtpa of waste rock, over a predicted life of at least 30 years. Ore treatment and tailings storage facilities, as well as concentrate stockyards, will be installed to deliver high grade magnetite concentrate of 67% iron at a relatively coarse grind size of -106µm (p80). This coarse grind compares favourably with other Australian magnetite projects under study or development and should result in less power being consumed during the operation phase.

The study proposes that about 20Mtpa of moist concentrate will be transported by train using a new standard gauge railway to a port location on the south-east coast of the Eyre Peninsula. This same corridor will be used to provide the necessary power to the mine site.

Stockyards, reclaim, jetty and load-out systems, will be established to fill ships of various sizes from a purpose built berth.

Environmental studies have been initiated across each of the project areas to support regulatory approvals.

Mine, Processing Plant and Associated Infrastructure

SKM, a firm with experience in engineering and project delivery, prepared a preliminary design for important facilities of major infrastructure packages during the DFS Stage 1 'Engineering Phase'. Planning for Stage 2 activities, (scope, schedule and budget) has commenced with focus on these facilities which are necessary for approvals and permitting. Dynamic simulation of train movements was conducted and loading/unloading arrangements reached preliminary design based on results of concentrate handling tests. Design allowances for dust control and moisture variation will be made during further studies.

Studies and investigations which relate to planning approvals, environmental topics and mine lease submissions will continue through 2012.

Various geotechnical investigations began and further drilling and seismic work will be conducted over the coming months, depending on land access arrangements, consultations with land holders and progress of permits.

[1] Please refer to Attachment 1 for full JORC classification tables.

[2] 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.

Proposal for 'Water Supply and Treatment' were technically and commercially evaluated against selected performance criteria. A short list of organisations was prepared and a preferred EDS provider will be selected in the coming weeks following formal negotiations. The studies of delivering process and producing potable water to suit the needs of the CEIP will then be launched.

A preliminary design report of the tailing storage facility (TSF) was received and is under evaluation by Iron Road. Finalisation of tailings deposition and impoundment arrangements will depend on additional geotechnical results, as well as development of mine plans and schedules (Figure 1).

Figure 1 **Geotechnical drilling in a road reserve at the CEIP.**

Hydro-geological pump tests at the mine site will be conducted to determine potential influences of mining activity on regional ground water. Following liaison with Wudinna District Council, requests for approval were submitted to DMITRE (Department for Manufacturing, Innovation, Trade, Resources and Energy, SA). This field work, including drilling, is planned to proceed in the coming weeks.

Coffey Mining, a specialist mining consulting firm, has completed initial bench height analysis across the current resources and preliminary optimisation of the pit shells has begun. Conclusion of mine design and scheduling of ore deliveries must await close-out of resource drilling and interpretation of the Mineral Estimate.

Tenova Projects, (formerly Bateman), a process engineering firm, have prepared process design information and drafted a plant layout which is currently under review. Major equipment types were selected following a workshop involving Iron Road and Tenova. Simulation of the comminution (crushing and grinding) circuits and vendor discussion has supported these machine selections. Study of process plant and associated facilities will now progress through engineering.

Iron Road's engagement with ElectraNet continued, with the preferred option for power transmission to the CEIP highlighted. Upgrading the existing power network on Eyre Peninsula will depend on the outcome of studies currently underway with ElectraNet and the national Regulator.

Geological reconnaissance of existing and potential quarry locations to supply rail ballast and aggregate was supported by geotechnical drilling. Encouraging observations of potential sources of rock were recorded and samples submitted for appropriate strength and quality tests. Planning for field investigations for sources of saline ground water for construction purposes continued at potential locations across nominated project areas.

Metallurgical Test Work

AMDEL-BV, a mineral laboratory service provider, is conducting metallurgical investigation of core intersections from mineralised zones or domains. Testing has thus far advanced through batch crushing tests. Laboratory investigations have included advanced comminution testing and are a precursor to large-scale batch ore breakage tests as well as assessment of magnetic separation at industrial settings for low intensity magnetic separation (LIMS).

Blending and preparation of representative bulk samples for HPGR pilot runs was completed during August 2012. HPGR tests will confirm the relationship between energy input and mineral release for crushed ore and are scheduled during September 2012 with industrial Polysius and Koeppern machines in Perth.

Portions of each representative type of mineralisation are being progressively submitted for quantitative mineralogy (Figure 2) which will support process simulation and estimation of Ore Reserves.

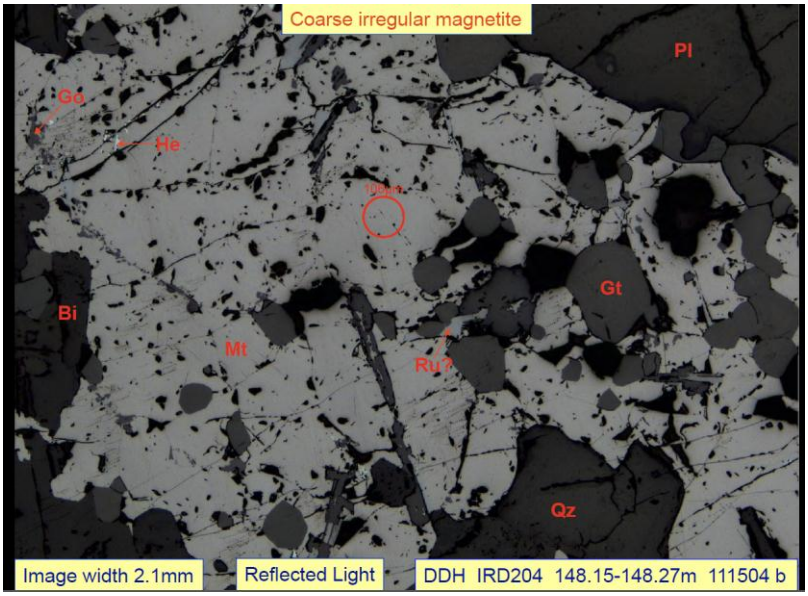

Figure 2- Very coarse irregular magnetite grain (light grey) exceeding 2000µm (2mm) in size. Red circle with diameter of 106µm indicates indicative concentrate size.

Standardisation of QEMSCAN procedures with mineral species from the CEIP was completed. These initial scans reveal a wide range of magnetite distribution and detected traces of hematite in the primary rock samples examined to date (Figure 3).

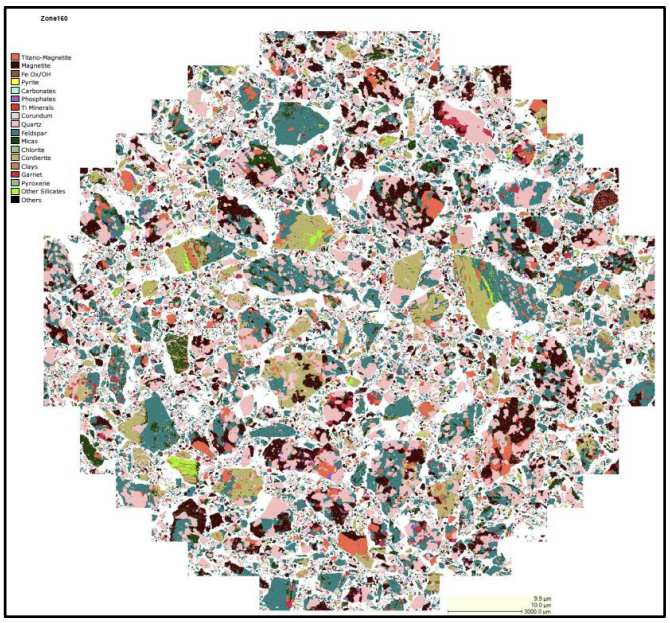

Figure 3- QEMSCAN (Quantitative Evaluation of Minerals by SCANning electron microscopy) image indicating mineral species from the CEIP magnetite gneiss.

Detailed data of mineral release has been applied to process simulation for prediction of beneficiation circuit performance and prediction of potential enhancement of magnetite recovery. Opportunities to enhance iron recovery by gravity techniques for increased iron recovery to concentrate will be analysed through modelling and circuit simulation. Potential improvement of grinding process efficiency will also be investigated, since ore milling will be the largest power consumer at CEIP. Based on these predictions, additional test work to confirm flow sheet enhancements and improved project economics may be initiated later in 2012 using available core samples.

-ENDS-

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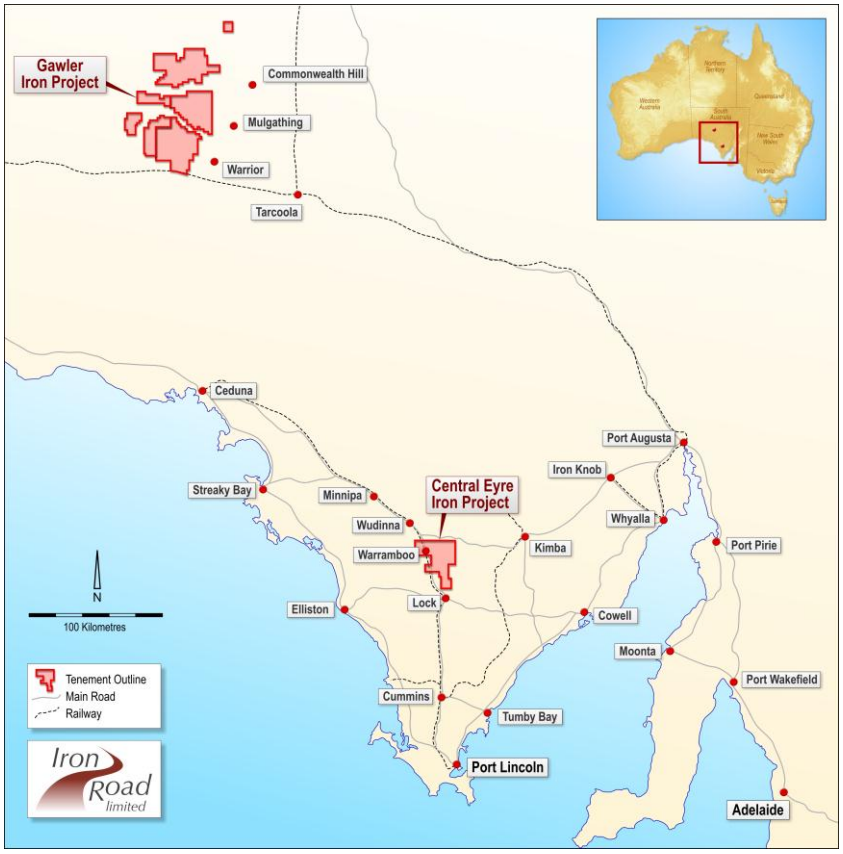

Iron Road's principal project is the Central Eyre Iron Project, South Australia. The wholly owned Central Eyre Iron Project is a collection of three iron occurrences (Warramboo, Kopi & Hambidge) with an exploration potential of 2.8-5.7 billion tonnes of magnetite gneiss at a grade of 18-25 % iron*.

** 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.

Attachment 1– Mineral Resource Estimates (Stage II, III, V & VI Drilling Programmes)

Murphy South Mineral Resource Estimate							
Resource Classification	**Oxidation**	**Tonnes (Mt)**	**Fe (%)**	**SiO_2 (%)**	**Al_2O_3 (%)**	**P (%)**	**LOI (%)**
Inferred	Fresh	550	16.4	53.2	12.5	0.09	0.4
	Transitional	32	16.3	50.7	14.0	0.05	5.5
	Oxide	87	16.4	50.5	14.4	0.05	5.8
Total Inferred		668	16.6	52.7	12.8	0.08	1.3
Indicated	Fresh	1,108	16.0	53.2	12.9	0.08	0.4
Total Indicated		1,108	16.0	53.2	12.9	0.08	0.4
Total Murphy South		**1,776**	**16.1**	**53.0**	**12.8**	**0.08**	**0.8**

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

Boo-Loo Mineral Resource Estimate							
Resource Classification	**Oxidation**	**Tonnes (Mt)**	**Fe (%)**	**SiO_2 (%)**	**Al_2O_3 (%)**	**P (%)**	**LOI (%)**
Inferred	Fresh	277	17.3	52.5	11.5	0.01	0.5
	Transitional	13	17.0	52.4	11.6	0.09	10.7
	Oxide	38	17.2	52.1	11.6	0.09	10.8
Total		**328**	**17.3**	**52.4**	**11.5**	**0.09**	**2.1**

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

CEIP Global Mineral Resource							
Location	**Classification**	**Tonnes (Mt)**	**Fe (%)**	**SiO_2 (%)**	**Al_2O_3 (%)**	**P (%)**	**LOI (%)**
Murphy South	Indicated	1,108	16.0	53.2	12.9	0.08	0.4
	Inferred	668	16.4	52.7	12.8	0.08	1.3
Boo-Loo	Inferred	328	17.3	52.4	11.5	0.09	2.1
Total		**2,104**	**16.2**	**52.9**	**12.7**	**0.08**	**1.0**

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