

GAWLER IRON PROJECT

Stage III Drilling Programme Underway

Iron Road Limited (Iron Road, ASX: IRD) is pleased to announce that the Stage III drilling programme at the Gawler Iron Project has commenced. This programme forms the basis of a scoping study to assess the economic viability of a mining and processing operation at Gawler.

Stage III Summary

- Drilling programme comprises up to 24 RC drill holes and two diamond drill holes for 5,300m. Drilling has commenced on large diameter PQ diamond drill holes that will provide a bulk sample for metallurgical testing in Europe.
- Scoping study is assessing annual production of 1-2Mtpa of premium iron concentrate.
- The focus of studies is to develop a small to medium size operation utilising simple modular processing units and existing rail and port facilities, developed on a fast track basis.
- Initial test results indicate that a simple, possibly dry process may produce a high grade product of between 67-70% iron with low impurities and exceptional similarity to CEIP products.
- Stage III exploration target at Boomer is 55-95Mt ironstone at a grade of 25-30% iron¹.



Figure 1

Stage III drilling utilises a UTR1200 multi-purpose drill rig

¹ 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.

Background

The Gawler Iron Project is situated within the Mt Christie Iron Ore Province and is located approximately 25km north of the standard gauge Trans-Australian Railway that connects to the Central Australia Railway at Tarcoola and ultimately a number of ports.

Exploration by Iron Road Limited commenced during July 2009 as part of a farm-in agreement with tenement holder Challenger Gold Operations (previously Dominion Gold Operations) and included the Stage I regional RC drilling programme (6,101m) and follow-up Stage II diamond drilling programme (1,433m). Iron Road Limited concluded that the project hosts excellent promise for a small to medium scale iron ore development with the potential to produce a high grade iron product through simple beneficiation. Consequently, during June 2012 the Company moved to secure 90% ownership of the iron ore rights from Challenger Gold Operations and later in the year initiated a scoping study into the economic viability of potential mining operations.

This scoping study is managed in-house and draws on technical expertise gained in the ongoing development of Iron Road's flagship Central Eyre Iron Project (CEIP). In contrast to the much larger CEIP, the focus at the Gawler Iron Project is to develop a small to medium size low-cost operation that utilises simple modular processing units and existing rail and port facilities. Given the smaller size of this potential operation, the scoping study will investigate the option of fast-tracking its development to provide cash flow to the Company in the lead up to the final commissioning of the CEIP mine and associated infrastructure.

The similarities with the expected CEIP product, a high quality concentrate produced at relatively coarse size distribution of 80% passing 106µm (106µm p80), are also likely to lead to synergies when marketing Gawler off-take. The envisaged 1-2Mtpa of Gawler production will serve as an excellent starting product in the market, particularly when combined with the opportunity to take substantially larger amounts of Central Eyre Iron Project (CEIP) product in the medium term.

An extensive test programme on Iron Road's envisaged CEIP concentrate by the prestigious Beijing based China Iron & Steel Research Institute Group (CISRI) has recently confirmed that the concentrate will perform well in a range of scenarios as either sinter plant or pellet plant feed. The product also shows positive value in use benefits for Chinese steel mills, particularly when used in place of Pilbara fines.

As a result, the CEIP product is likely to gain widespread acceptance in the Chinese market and likely to command a predicted quality differential of 15% over Pilbara fines pricing. This widespread product acceptance will likely extend to Gawler product.

Boomer Prospect

The results from Stage I & II drilling identified the Boomer prospect as a potential iron deposit situated below 25m of unconsolidated sand. The iron mineralisation has a thin cap of hematite-rich mineralisation and occurs in a ~110m wide zone of moderately to steeply dipping folded and faulted, coarse-grained, magnetite-rich ironstone (Fig. 2 & 3). The ironstone has been mapped along strike for at least 1,000m and is open at depth. Drill samples from the Boomer prospect returned an average grade of 25% Fe with high grade zones containing over 40% Fe. Notable intersections at Boomer from the Stage I & II drilling programmes include 17m @ 40.6 % Fe, 20m @ 39.0 % Fe, 42m @ 40.8 % Fe,

31m @ 42.6 % Fe and 39m @ 38.2% Fe. Significant intersections from the Stage II drilling programme are shown in Table 1.



Figure 2 Drill hole GWL075; Banded magnetite-rich ironstone with 10cm wide band of very-coarse, massive magnetite. Average 43% iron for interval 81m-82m.

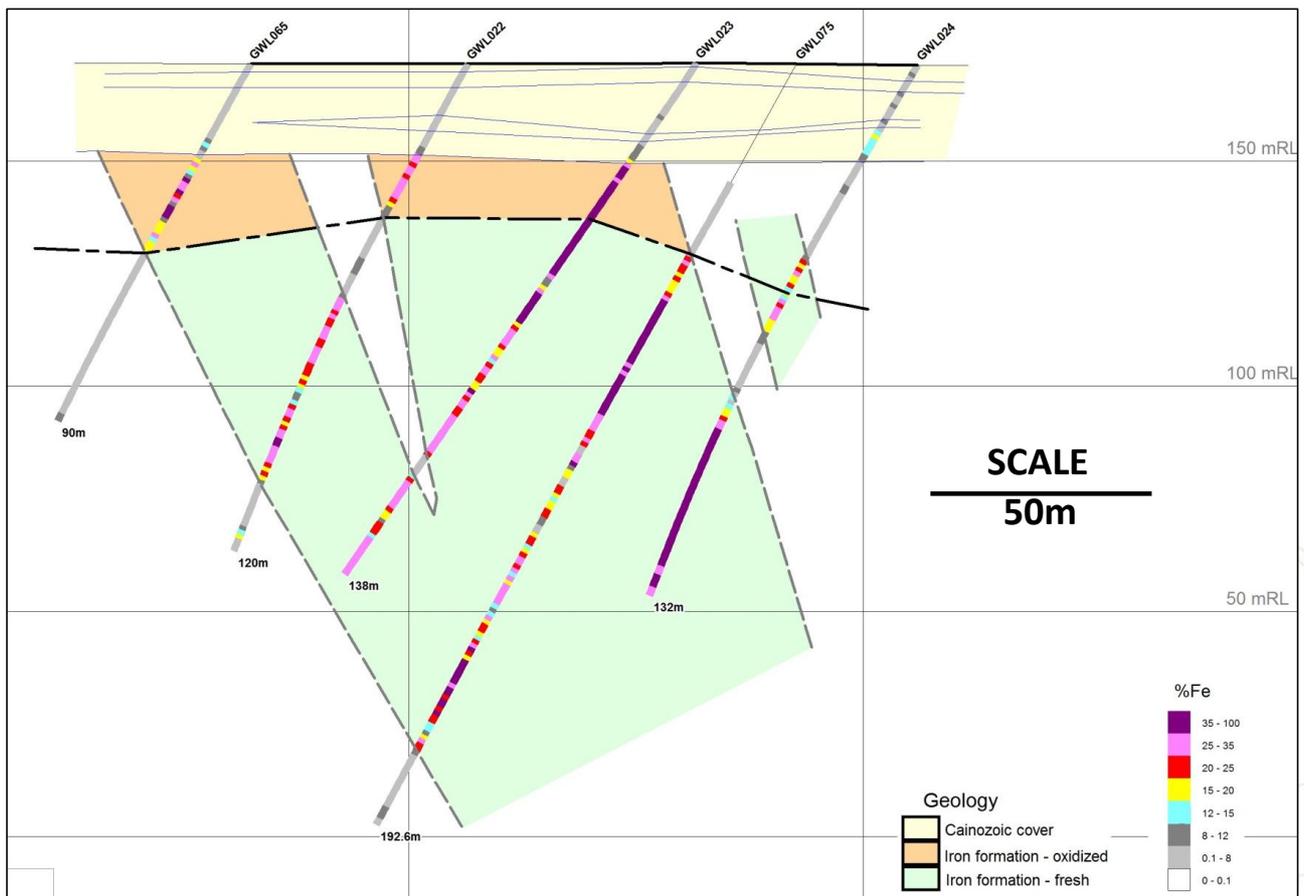


Figure 3

Stage II drilling programme- cross-section at Boomer looking northeast.

Hole ID	Easting	Northing	Dip	Azimuth	EOH	From	To	Width	Style	Fe %	
Christie Extended											
GWL073	359980	6651254	60	125	100	19	93	74	fr/ox	24.3	
GWL074	359939	6651283	60	125	157	52	132	80	fr/ox	21.8	
						includes	113	132	19	fr	25.6
Boomer											
GWL075	350921	6645922	60	305	193	48	174	126	fr	27.5	
						includes	58	97	39	fr	38.2
						includes	146	167	21	fr	33.5
GWL076	350981	6646094	60	305	190	20	94	74	fr/ox	24.9	
							135	174	39	fr	22.6
GWL077	351069	6646307	60	305	130	19	113	94	fr/ox	22.2	
						includes	87	105	18	fr	34.4
GWL078	351110	6646278	60	305	202	62	168	106	fr	25.2	
						includes	151	168	17	fr	34.8
NWFingerpost Hill 1											
GWL079	355700	6648726	60	305	148	0	115	115	fr/ox	34.7	
						includes	0	66	66	ox	43.1
GWL080	355781	6648668	60	305	154	43	119	76	fr	26.9	
						includes	43	59	16	fr	39.6
George Hill Extended											
GWL081	360702	6644903	90	360	162	87	95	8	fr	35.4	
							111	118	7	fr	35.2
							123	153	30	fr	35.6

Table 1- Summary assay results from the Stage II diamond drilling programme at Christie Extended, Boomer, NW Fingerpost Hill 1 and George Hill Extended. Numbers represent in situ grades of mineralized zones, including both fresh magnetite-rich ironstone (fr) and oxidized hematite – magnetite ironstone (ox).

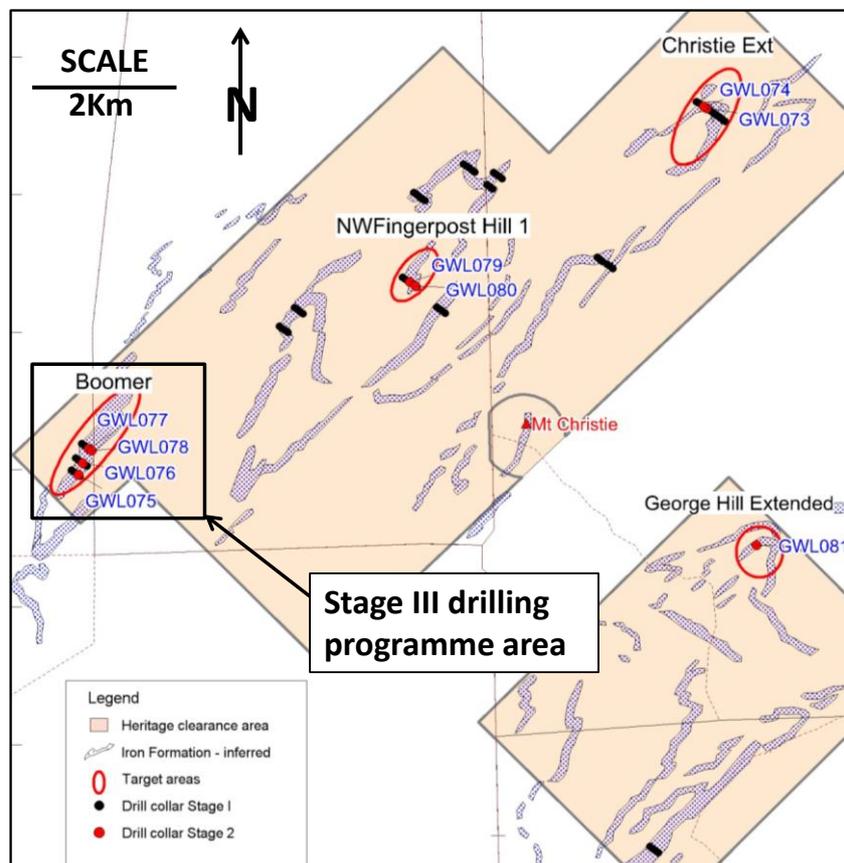


Figure 4 Stage III drilling programme location map together with Stage I and II collar locations.

The Boomer prospect has an exploration target of 55-95Mt ironstone at a grade of 25-30% iron¹.

Preliminary test work indicates that a simple, possibly dry process may produce a high grade product at a grind size of -106µm (p80) to produce a coarse magnetite concentrate of between 67-70% iron with low impurities and an iron recovery of approximately 75-95%.

¹ The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospect as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource.

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The Gawler Iron Project is located approximately 25km north of the standard gauge Trans-Australian Railway that connects to the Central Australia Railway at Tarcoola and ultimately a number of ports. Iron Road has earned a 90% interest in the iron ore rights through a farm-in agreement with tenement holder Kingsgate Consolidated Ltd (Dominion Gold Operations Pty Ltd).

** 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 at the Gawler Iron Project.*

The information in this report that relates to Exploration targets at Gawler 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 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.

