

About Iron Road

Iron Road Limited was established to capitalise on the growing global demand for iron ore. Iron Road has a strong project portfolio including a well-located development stage project, complemented by early 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 premium iron concentrate for export.

A definitive feasibility study is currently assessing production of 20Mtpa of iron concentrates.

Metallurgical test work indicates that a coarse-grained, high grade, blast furnace quality concentrate may be produced at a grind size of greater than -130µm grading 67% iron with low impurities.

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

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Iron Road Limited is on track to achieve its vision of becoming a trusted and reliable supplier of premium iron concentrates to the Asian marketplace. Significant progress was made on completing the Definitive Feasibility Study (DFS) for the Central Eyre Iron Project (CEIP) with cost estimates submitted by various Engineering Design Service (EDS) providers.

HIGHLIGHTS

Central Eyre Iron Project (CEIP)

- DFS cost estimates received from EDS providers in line with the study schedule;
- Processing plant optimised using three discrete crushing, grinding and recovery trains incorporating SAG milling and gravity circuit;
- Innovative high-density modular processing design allows for wet pre-commissioning in construction yards prior to delivery;
- Significant improvements made in areas incorporating tailings disposal, infrastructure corridor alignment and mine water supply, reducing community and environmental impacts; and
- Scalable project design philosophy allows for flexibility and straightforward expansion of capacity to complement CEIP's additional resource potential and meet expected future regional primary industry and resources growth.

Gawler Iron Project

- Geological DTR test work complete allowing for determination of iron recovery necessary for the commencement of resource estimation modelling.

Corporate

- Corporate efforts focused intently on delivery of the DFS results in February 2014.

PROJECTS

Central Eyre Iron Project (CEIP)



Figure 1: Rendering of Cape Hardy Port, proposed jetty and wharf

of blast furnaces. The CEIP offers a potential operating life exceeding 30 years. The defined resource at Warrambo contains continuous and consistent mineralisation over more than six kilometres of strike and is amenable to large scale, open pit extraction methods.

The Central Eyre Iron Project (CEIP) is located on the Eyre Peninsula of South Australia, approximately 30 kilometres southeast of the regional centre of Wudinna (Figure 2).

Project studies incorporate mining and ore processing, as well as rail and concentrate export facilities. Concentrate is being marketed primarily as a 67% iron, high quality blending feedstock, to the international sinter market, which feeds the majority



Figure 2: Location of the CEIP, showing mine, infrastructure corridor and port.



Regulation and approvals

The initial Development Application under the Development Act 1993 (SA) for the infrastructure components of the CEIP will be submitted during the first quarter of 2014, and referrals under the Environmental Protection and Biodiversity Conservation Act (Commonwealth) will be concurrently submitted to the Department of the Environment.

Environmental impact and benefit assessments continue to progress well for the mine, infrastructure corridor and port. Several State Government departmental visits to the Project areas occurred during the quarter to ensure assessment authorities are fully briefed and familiar with progress. Discussions with key stakeholders continued so that environmental and social issues are thoroughly understood and captured prior to completing the impact assessments.

Definitive Feasibility Study (DFS)

Ore treatment by conventional crushing, milling and magnetic/gravity separation is being planned to deliver high-grade concentrates containing 67% iron at a relatively coarse size distribution of greater than $-130\mu\text{m}$ (80% passing; P80).

Iron Road has acquired 1,100 hectares of land at Cape Hardy for a Capesize-capable port facility as part of its integrated export solution for the CEIP iron concentrates. The port is planned to have an initial capacity of at least 30 million tonnes per annum (Mtpa), with 10Mtpa capacity potentially available to third parties. Planning is underway to construct a heavy haul, standard gauge rail line between the mine and port sites. The rail line, in future, may be expanded to connect with the existing national rail network, extending port access considerably. The proposed port is favourably located in a region experiencing relatively benign weather with no seasonal cyclonic activity to hinder operations.

Studies are complete for the delivery of power and water to the sites. A water treatment and storage facility at the mine site has been designed to supply fresh water for concentrate washing as well as potable water for industrial use. Mineral processing and tailings optimisation has significantly reduced projected water demand with high recovery and recycling of process water. It is possible that all water requirements at the mine site could be sourced from a borefield adjacent to the infrastructure corridor with pit dewatering supplementing this supply. The study has previously considered untreated seawater being pumped and piped to the mine from the port facility at Cape Hardy.

Mine, processing plant and associated infrastructure

Open pit optimisation and mine design has been completed, following the close-out of the upgraded Mineral Resource estimate. The Murphy South and Boo-Loo mineral resources and life of mine (LOM) production schedules have been prepared with designs based on geotechnical analysis and assessment of both exploration and purpose drilled geotechnical drill holes.

A staged approach has been adopted for both open pit designs with Murphy South being designed with four stages and Boo-Loo designed with two stages (Figure 3). Mining and production commences in the centre of Murphy South (Stage 1) and progressively moves east and west as subsequent stages commence. The Boo-Loo pit is not expected to commence until well into the mine life and is scheduled to deliver ore production when Murphy South is no longer able to sustain the total ore requirements.

Budget costs, based on the mine schedules, have been received from equipment suppliers. Mining cost models and mining equipment requirements have been prepared to reflect both the production schedules and the budget cost information.

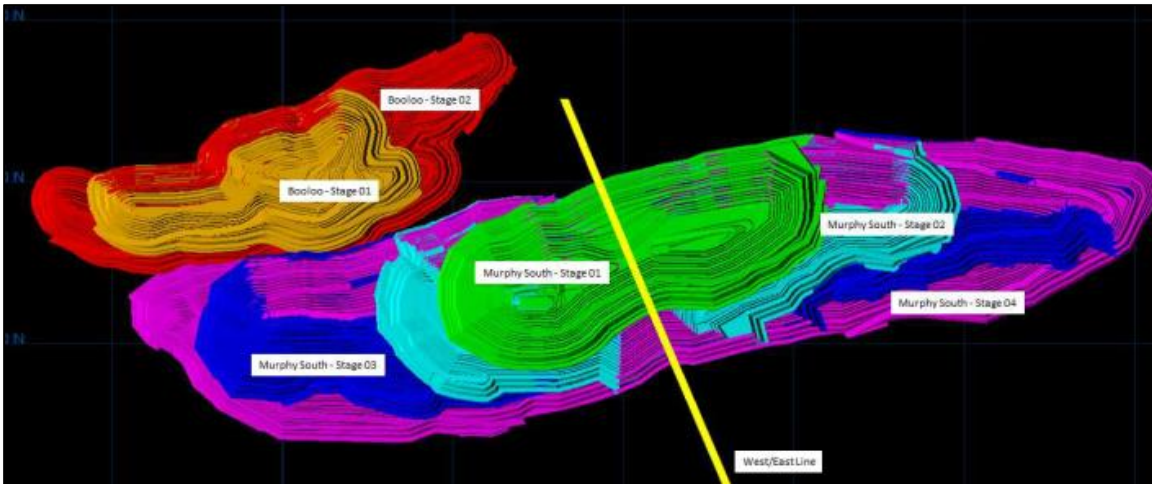


Figure 3: Staged development of Murphy South and Boo-Loo open pits.

Hydrology studies, being undertaken by RPS Consultants, have been completed along with the design of surface water management plans and infrastructure. The surface drainage network at the mine site has been characterised as lacking significant drainage lines or permanent water bodies.

The second phase of hydrogeological investigation, test work and assessment, commenced by SKM during May 2013 is complete, with final reporting in progress. This phase of work expands on and complements findings from the initial investigations completed in 2012.

The second phase of hydrogeological investigation included the installation of 10 additional test bores, along with pumping tests from the new bores. Hydrogeological modelling, utilising data from both the new bores as well as the eight bores completed during the first phase of work, has been completed along with open pit dewatering requirements, dewatering infrastructure design and associated cost models.

Information provided from studies in the mining area resulted in changes to the configuration of the primary crushing circuit. Dynamic modelling, incorporating maintenance programming, equipment capacities and various operational scenarios, resulted in a need to revisit the configuration of the secondary and tertiary crushing circuits. As a consequence, the flowsheet for the CEIP has been modified to incorporate SAG milling in place of secondary/tertiary crushing/screening and to include gravity beneficiation in the ball milling circuit (Figure 4). These changes to the initial configuration have significant benefits in terms of efficiencies and reduced capital and operating costs.

Tailings studies have aimed to provide robust and safe disposal of tailings over the life of mine, as well as meet a suitable closure time-frame and long-term arrangements for site rehabilitation. To ensure these targets could be achieved, several options were assessed. Studies indicated that a stacked tailings system is better suited for this size and type of operation, as opposed to a conventional tailings 'dam' design. In a stacked tailings scenario, both coarse and fine tailings streams are vacuum filtered to produce a single filtered tailings product that is progressively stacked nearby to the processing facility. This system has significant advantages in far higher recovery and recycling of process water and requires a smaller footprint than a conventional tailings facility. The coarse nature of the CEIP tailings is ideally suited to this method of handling.

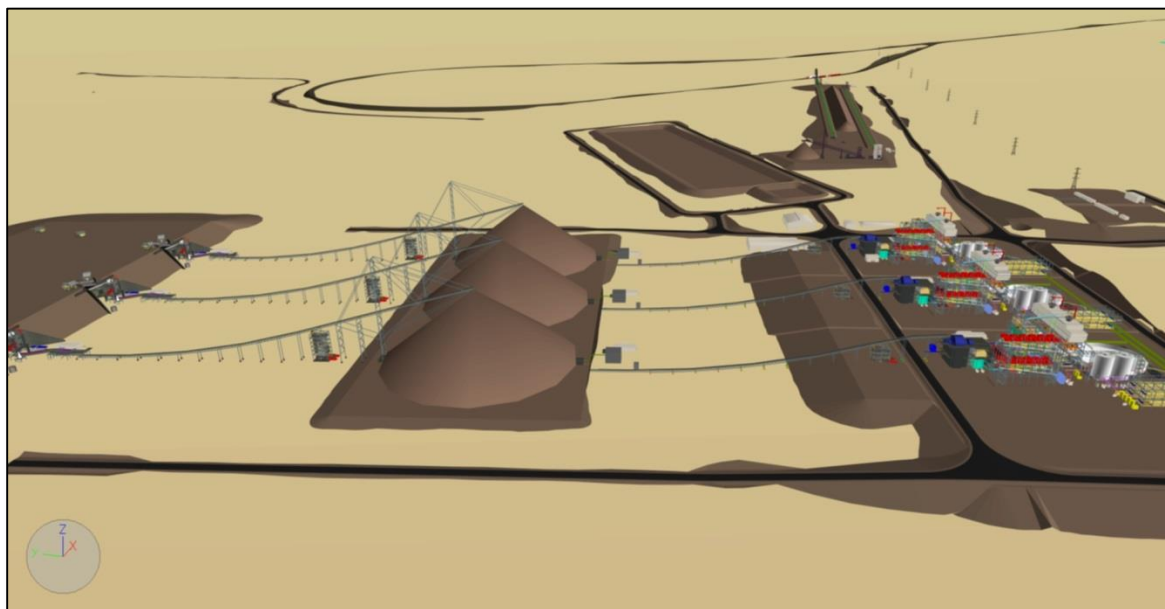


Figure 4: Oblique rendered view of processing facility showing three discrete crushing, grinding and recovery trains incorporating SAG milling and gravity circuit.

Investigations and study of infrastructure and concentrate delivery facilities concluded during the quarter and estimates have been received for all areas.

- **Port marine** – Work concluded on the tug harbour, dolphins, access jetty designs, wave and navigation modelling and mooring analysis. A jetty/wharf location and alignment redesign is in progress to take into account both short and long term wave modelling and to minimise environmental impact.
- **Mine and Port infrastructure** – Budget quotations were received for the bulk earthworks for the port and infrastructure corridor. Work on the design of infrastructure buildings is complete and layouts have been optimised.
- **Materials handling** – 3D model and DFS engineering is complete for the mine and port site. Budget quotations have been received for stackers, reclaimers and the shiploader. Lift studies are complete, enabling selection of heavy lift cranes for port site construction.
- **Rail system** – The infrastructure corridor arrangement is being optimised as opportunities are identified during discussions with affected landholders to minimise impact on their businesses. Budget quotations have been received for rail components including rail track and sleepers.
- **Water Supply** – DFS engineering and pipeline design modelling is complete. Work has commenced on development of the construction sequence of facilities located inside the infrastructure corridor. Water bores distant from the mine and adjacent to the infrastructure corridor indicate sufficient groundwater capacity to supply all site water requirements. An extended drilling programme is being planned for additional pump tests.
- **Airport** – The Wudinna Airport upgrade study is complete. Wudinna District Council engaged Aerodrome Design on behalf of Iron Road Limited.
- **Accommodation Camps** – Budget proposals have been received for the port and mine site construction camps. A proposal for the operations village construction located at Wudinna has been received.
- **Local Roads** – The District Councils of Cleve, Tumby Bay and Wudinna have been consulted on road modifications required in their respective areas and some Councils have submitted estimates for proposed upgrades and alterations. At the port and particularly the mine, community input will first be sought for any changes. Design improvements to the processing plant and tailings facility at the mine, with an associated smaller footprint, is likely to allow for realignment of the infrastructure corridor and better placement of the rail loop. This in turn is likely to change road modifications currently proposed.
- **Power Supply** – Review of power supply options to the mine, port and infrastructure corridor is complete.

Metallurgical Test Work

The metallurgical test work for the DFS study is now complete with the last of the QEMScan data received and under review. A final report is being prepared by Bureau Veritas for release in January 2014.

The additional bulk sample test work programme proposed in the previous quarter has commenced and will continue through the first quarter of 2014. The focus of this programme is on pilot scale test work with a primary focus being generation of samples for vendor test work in preparation for detailed design. The generation of a bulk concentrate sample (including gravity concentrate) will allow for additional sintering test work as well as provide samples for prospective customers who wish to conduct their own internal testing. The programme will also take the opportunity to conduct additional gravity beneficiation test work to refine spiral selection and configuration and explore opportunities identified during the gravity beneficiation circuit design by Mineral Technologies.

Additional tailings test work has been identified due to the introduction of tailings stacking. The nature of the test work will provide a large scale sample for preliminary revegetation trials on bulk tailings by the environmental team. Further filtration and washing testing will be conducted on the concentrate as well as additional material characterisation studies (transportable moisture limit, dust extinction, bulk density, etc.). The handling characteristics are expected to improve from those used in the current design.

Operational Readiness and Project Execution

The Project Execution Plan for the CEIP has been reviewed and refined for inclusion in the DFS report. Service providers for Operational Readiness and Project Commissioning strategies have developed respective plans and costings for inclusion in the DFS report. Work continues on the development of the overarching CEIP Safety Management Plan.


The Iron Road owners' team continues to engage with various contracting entities regarding project opportunities. Iron Road is also in discussion with specialist providers regarding the development and review of anticipated contracts and procurement strategy.

Iron Ore Marketing

Ongoing discussions with a range of north Asian steel mills has identified a number of key prospective concentrate offtake partners, along with several who have expressed interest in possible participation in the CEIP. These discussions will be further progressed subsequent to the planned release of the CEIP DFS report.



Figure 5: Rendering showing Cape Hardy wharf, with dolphins and shiploader.



Longer term Chinese market prospects for high quality iron ore have received strong encouragement due to performance requirements for steel mills becoming more demanding through tighter regulations relating to air quality and efficiency as well as energy consumption imperatives. CEIP concentrate, with high iron, low phosphorous, low sulphur and low silica-alumina, has been endorsed by several key Chinese steel mills as offering a high quality concentrate suitable in assisting their mills to meet tightening environmental and operating regulations.

Community Engagement

The CEIP Community Consultative Committee (CCC) met in December 2013 to progress the Terms of Reference and discuss the governance of the group. The Port Neill Community Reference Group also met during December. Iron Road's community engagement representatives were present at both meetings. No public meetings were held during the quarter due to harvesting activities across the Eyre Peninsula.

Meetings with various Councils across the region were held in November 2013 to discuss potential transportation routes and to seek assistance for cost estimates in relation to road upgrades or modifications.

South Australia – Gawler Iron Project

The Gawler Iron Project is located approximately 25 kilometres north of the standard gauge Trans-Australian Railway that connects to the Central Australia Railway at Tarcoola, and can ultimately provide access to a number of ports.


The project hosts mineralisation anticipated to support a small to medium scale magnetite iron ore mining operation with the potential to produce 1-2Mtpa of a high quality magnetite concentrate using a simple beneficiation process, with similar characteristics to that proposed for the larger CEIP. A scoping study to further define such potential is currently in progress.

Iron Road commenced exploration at Gawler during July 2009. This work included the Stage I regional RC drilling programme (6,101m) and follow-up Stage II diamond drilling programme (1,433m). The results from Stage I & II drilling identified the Boomer prospect as a potentially significant iron deposit situated below 25m of unconsolidated sand. The iron mineralisation has a thin cap of hematite mineralisation and occurs in a ~110m wide zone of moderately to steeply dipping folded and faulted, coarse-grained, magnetite-rich ironstone. 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 assay grade of 25% iron with high grade zones containing over 40% iron.

During June 2012 Iron Road Limited secured 90% ownership of the iron ore rights at Gawler. Shortly afterward a scoping study was initiated to review the economic viability of potential mining and beneficiation operations. As part of this study, the Stage III drilling programme commenced during March 2013 at the Boomer prospect.

Geological and assay data, supplemented by a Davis Tube Recovery (DTR) test programme, is necessary to construct a mineral resource model and estimate for the Boomer prospect. Most test work has been received and mineral estimation is expected to commence shortly.

A bulk sample of the PQ core is undergoing metallurgical processing testing in Germany. This information is required for the design of the ore processing facility to confirm the crushing and grinding specification to maximise recovery of magnetite iron concentrate.



Budget estimates have been received for the following areas:

- a) Concentrate transport, including rail and port facilities;
- b) Haul road construction from the ore treatment facility to the (existing) rail siding and provision of road haulage services for concentrate transport;
- c) Water supply and treatment; and
- d) Contract mining.

Proposals for the air services requirements for the project are being assessed as well as the viability of using the current air strip at Wynbring rail siding.

CORPORATE

Corporate Activities during the quarter were focused on the completion the DFS, alongside ongoing marketing of the project and proposed concentrate specifications to potential partners and customers. Steady progress has been made on this front, with the next key catalyst the DFS report, which will solidify the parameters of any possible future investment in CEIP, based on very detailed and complete study results.

– ENDS –

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The information in this report that relates to Resources estimated for the Boo-Loo prospect is based on and accurately reflects information compiled by Mr Ian MacFarlane, Coffey Mining, who is a consultant and advisor to Iron Road Limited and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr MacFarlane 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". Coffey Mining consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Resources estimated for the Murphy South – Rob Roy prospect is based on and accurately reflects information compiled by Ms Heather Pearce, who is a full time employee of Iron Road Limited. This estimation was peer reviewed by Dr Isobel Clark of Xstract Mining Consultants. Dr Clark has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which she 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". Xstract Mining Consultants consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

IRON ROAD LIMITED

ABN

51 128 698 108

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000 (6 months)
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(13,590)	(20,278)
(b) development	-	-
(c) production	-	-
(d) administration	(1,166)	(2,107)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	391	682
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other		
GST to be recouped	(733)	(574)
Research and development tax refund	-	1,172
Net Operating Cash Flows	(15,098)	(21,105)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1,500)	(1,546)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(1,500)	(1,546)
1.13 Total operating and investing cash flows (carried forward)	(16,598)	(22,651)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(16,598)	(22,651)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	52,374
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(8)	(1,282)
	Net financing cash flows	(8)	51,092
	Net increase (decrease) in cash held	(16,606)	28,441
1.20	Cash at beginning of quarter/year to date	51,957	6,910
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	35,351	35,351

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	252
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and associates were on normal commercial terms.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	4,930
4.2 Development	-
4.3 Production	-
4.4 Administration	875
Total	5,805

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,479	5,508
5.2 Deposits at call	33,872	46,449
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	35,351	51,957

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	Nil			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter


Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	581,936,904	581,936,904		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	625,000 625,000 625,000 625,000 500,000 100,000 100,000 100,000		<i>Exercise price</i> \$0.1926 \$0.2426 \$0.2926 \$0.3426 \$0.9926 \$0.9926 \$1.2426 \$1.4926	<i>Expiry date</i> 15/12/14 15/12/14 15/12/14 15/12/14 25/07/16 24/08/16 24/08/16 24/08/16
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not* (delete one) give a true and fair view of the matters disclosed.

Sign here:  Date: 20 January 2014
~~Director~~/Company secretary

Print name: GRAHAM DOUGLAS ANDERSON

Notes

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.