

CENTRAL EYRE IRON PROJECT

Post-Definitive Feasibility Study Optimisation Activities and Update

Iron Road Limited (Iron Road, ASX:IRD), a South Australian high-grade magnetite project developer, is pleased to provide an update on progress with its flagship Central Eyre Iron Project (CEIP) located on the Eyre Peninsula, South Australia.

Highlights

- Data room established to facilitate detailed project review by potential project participants.
- Life of mine operating cost model and underlying financial parameters subjected to independent, third party critique by a leading iron ore and steel industry consultant, including a customer focussed review.
- Second bulk concentrate sample despatched for testing in Beijing by the highly regarded China Iron & Steel Research Institute Group (CISRI), expected to further endorse CEIP's product as a high quality, direct sinter feed.
- Optimisation underway to scale-up planned nameplate production to 24Mtpa (dry) delivering a blended 110-130 micron (p80) concentrate grading $\geq 66.5\%$ iron and $\leq 3.5\%$ silica.
- Follow-on drill campaign to be undertaken with the objective of building a 25+ year mine life at annual output of 24Mtpa and initiate an optimised pit shell design to refine the in-pit crushing and conveying (IPCC) mine plan.
- Preliminary financial modelling of scaled-up 24Mtpa case indicates an ungeared, post-tax project IRR of approximately 21%. Update incorporates the adoption of a small number of cost model revisions following independent review plus updates to external parameters such as forward exchange rates, industry expert price forecasts and quality premiums.

Iron Road Managing Director Andrew Stocks said that the data room has been established to facilitate more formal discussions with potential project participants, including finance and construction partners for the CEIP following the summary release of the company's Definitive Feasibility Study (DFS) in the first quarter of 2014.

"Over an extended period of time we have conducted a range of informal discussions across the North Asian region and the time has arrived to formalise the interest we are receiving," Mr Stocks said.

"Following detailed face-to-face project overviews we will be admitting eligible parties to the CEIP data room to facilitate more comprehensive and in-depth commercial-in-confidence discussions. The next stage will ideally see progression towards defining a memorandum of understanding for the project development," Mr Stocks said.

The CEIP is a significant project that fits the increasing need for high quality, low impurity feedstock for the world's largest steel market in China. Higher iron grades and lower impurity levels lead to reduced emissions and greater hot metal production efficiency during the steel making process.

In the Australian magnetite sector, CEIP's gneissic orebody differs markedly from the finer-grained, harder and more abrasive ores characteristic of WA banded iron formation (BIF) deposits which form the basis of other magnetite projects now under development or in production. Unless these key differences are fully explained, along with a clear demonstration of CEIP's capital and operating cost advantages, negative perceptions associated with the large scale cost over-runs and problematic ramp-ups of difficult to process banded iron formation (BIF) projects can potentially have unwarranted carry-over effects.



“We are well aware that the project development bar has been raised significantly in recent times and given past events, both the market and potential finance partners will treat development costs forecasts with a degree of caution,” Mr Stocks said.

“Iron Road as a company has taken a diligent and rigorous approach to our definitive feasibility studies, and we look forward to our technical work and operating cost model being examined rigorously during the due diligence period, particularly around our processing flowsheet.

“Encouragingly, there is wide acknowledgment and appreciation that Iron Road has a thorough understanding of its uniform orebody with more than 500 diamond drill holes and 150km of drilling already undertaken. A large-scale deposit hosted in Gneissic rock of medium hardness, combined with coarse grained mineralisation, gives us a high degree of confidence around our expected operating cost profile,” Mr Stocks noted.

Iron Road anticipates providing subsequent updates over the coming weeks highlighting flagged capital and operating cost breakdowns following the independent, third party review, which has also benchmarked CEIP against project peers and the wider supply-side industry.

“Engaging a credible independent iron ore industry consultant with direct experience in representing potential investors and joint venture participants has been an important step that should assist interested parties gain a head start in the due diligence process and enhance confidence in the project return metrics,” said Mr Stocks.

“Alongside these activities we also intend to further build the very long life nature of the CEIP, with an additional drilling campaign. The aim of this campaign will be to explore the gap between the Murphy South and Boo-Loo areas and to build sufficient resources to declare a mine life at or in excess of the currently declared 25 years, at a higher production rate of 24Mtpa that has resulted from efficiency gains in the process circuit. We are undertaking this lift in mineral resources to allow us to further optimise our in-pit crushing and conveying rate to match the increased production profile,” said Mr Stocks.

Iron Road released its Definitive Feasibility Study (DFS) for the Central Eyre Iron Project on 26 February 2014 which confirmed an initial 25 year mine life for the 21.5 million tonne per annum mining operation, producing a high quality and low impurity concentrate which will assist steel mills to lessen their pollution. The highly competitive product is expected to become more desirable over time to balance expanding volumes of lower grade ore products.

All material assumptions underpinning the DFS continue to apply and have not materially changed, other than adopting a small number of cost model revisions following independent review, plus updates to external parameters such as forward exchange rates, industry expert price forecasts and quality premiums. The Reserves, Resources and Exploration Target underpinning an increased nameplate annual production of 24Mtpa remain unchanged at this time and have been prepared by a competent person in accordance with the JORC Codes 2012 and 2004 (there being no material changes since the Resources were last reported under the JORC Code 2004) and are as follows:

Location	Classification	Proportion (%)
MSRR	Proven Ore Reserve	50
MSRR	Probable Ore Reserve	5
MSRR	Measured Resources	7
MSRR	Indicated Resources	6
MSRR/BLD	Inferred Resources ¹	13
CEIP	Exploration target ²	19

Cautionary statements

1. There is a low level of geological confidence associated with Inferred Mineral Resources, and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

2. The potential quantity and grade of an Exploration Target is conceptual in nature. There has been insufficient exploration to determine a Mineral Resource, and there is no certainty that further exploration work will result in a determination of further Mineral Resources or that the production target itself will be reached.



The current works supports the DFS confirmation that the CEIP has the potential to generate annual forecast EBITDA of US\$1.4 billion, provide 1950 jobs during the construction phase of the project and approximately 700 long term operations roles. Almost 50 million tonnes of export capacity has been identified for third party suppliers who will have access to the only port in South Australia capable of berthing and loading large Capesize vessels. The project will require a development partnership and positive discussions have been held to date with potential partners.

Subject to securing approvals and finance, Iron Road expects construction on the Central Eyre Iron Project to commence during 2015 and export of its high quality concentrate by 2018.

Competent Persons' statements

The information in this report that relates to the Exploration Target within the EL4849 is based on and fairly represents information and supporting documentation compiled by Mr Milo Res, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Res has sufficient experience that is relevant to the style of mineralisation and the type of deposits under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Res 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 Boo-Loo prospect is based on and fairly represents information and supporting documentation compiled by Mr Ian MacFarlane, who is a Fellow of the Australasian Institute of Mining and Metallurgy and an employee of Coffey Mining. 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". Mr MacFarlane 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 (MSRR) prospect is based on and fairly represents information and supporting documentation compiled by Ms Heather Pearce, who is a member of the Australasian Institute of Mining and Metallurgy, and a full time employee of Iron Road Limited. This estimation was peer review by Dr Isobel Clark, who is a member of the Australasian Institute of Mining and Metallurgy and employed by 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". Dr Clark consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Reserves estimated for Murphy South / Rob Roy (MSRR) is based on and fairly represents information and supporting documentation compiled by Mr Harry Warries, a Fellow of the Australasian Institute of Mining and Metallurgy, and an employee of Coffey Mining. Mr Warries 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Warries consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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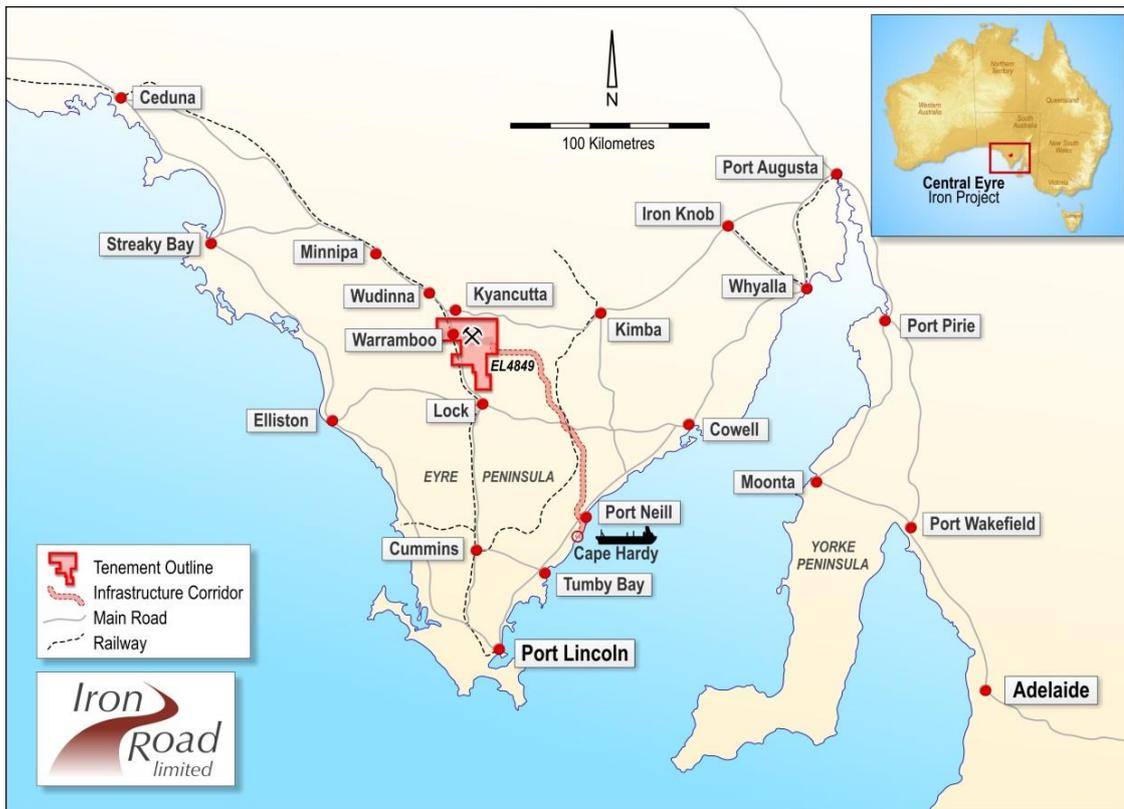


Figure 1

Location of the CEIP, showing mine, infrastructure corridor and port