



Corporate Structure

Code	IRD	
Shares	98.7	m.
Options	23.6	m. Av 28.3 cts
Price	\$0.59	
Market Cap	\$58.2	m.
Cash (est)	\$ 7.0	m.

Shareholders

Sentient	27%
Board & Management	12%

Opinion*

Iron Road appears to hold key ingredients for a successful iron ore project, with low cost access to transport and power infrastructure and a high quality product, which should ensure that it would weather fluctuations in commodity prices.

A long-life project looks assured. Ongoing drilling aims to lift Resources towards one billion tonnes by early 2011, which would underpin a project producing 10 mt pa of concentrate for 20 years.

Delivery of a pre-feasibility study in early 2001 should attract ongoing funding support.

Peter Strachan.

*No recommendation is offered for commissioned research.

Share Price



Investment Drivers

- Iron Road has outlined 328 million tonnes of Inferred magnetite Resource at its Central Eyre Iron Project. Drilling during H2 '10 has an immediate target to add 400 to 800 million tonnes of Resources from an exploration target of over 2.6 billion tonnes.
- The company has over \$7 million of net cash to support a pre-feasibility study, expected for delivery at the end of March 2011.
- Metallurgical tests applying very coarse grinding to the massive gneiss hosted mineralisation, show excellent recovery from the crystalline magnetite ore to produce a high grade, premium value, sinter grade concentrate with low contaminant levels.
- The project is well located with respect to potential port locations. A slurry pipeline is planned to deliver product to a new deep water port in Spencer Gulf.
- Access is straight-forward on freehold farming land, while availability of power and an existing township will reduce capital costs. Water supply may require construction of a desalination plant.
- The company is strongly backed by experienced and patient capital, while management is made up from a strong team of industry professionals.

Project Locations



Source: Iron Road

Introduction

Iron Road is a South Australian focused iron ore explorer with projects in the Central Eyre Peninsula and north of the Trans Australian Railway on the Gawler Craton.

SOUTH AUSTRALIA – CENTRAL EYRE IRON PROJECT (100%)

The company’s Central Eyre Iron Project, consists of three distinct prospect locations at Warrambo, Kopi and Hambidge, located on the Eyre Peninsula of South Australia. The project is situated in a grain and sheep grazing farmland region with good access to infrastructure.

328 mt magnetite Resource & targeting >700 mt

Exploration target to >5,000 mt

Coarse grained ore, producing premium quality concentrate

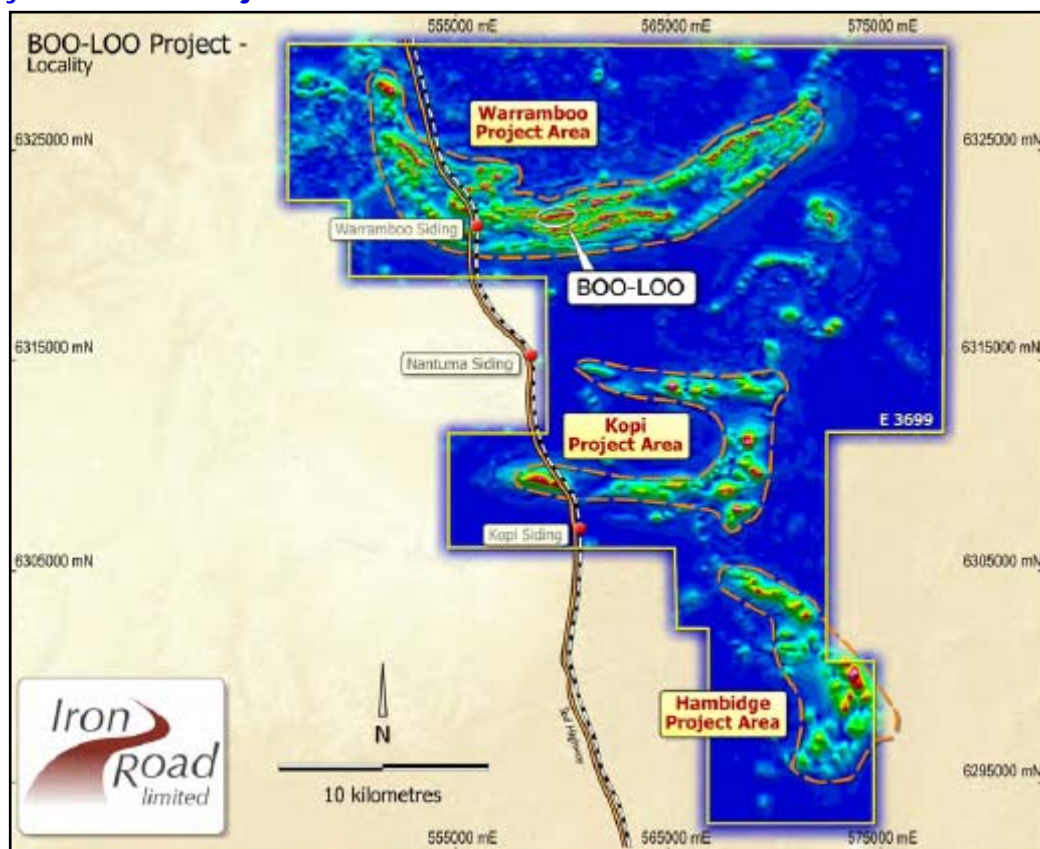
So far, only 4.2 kilometres, out of a total 95 kilometres of identified strike potential has been tested for mineralisation, outlining seven targets.

Boo-Loo Resource Estimate						
	mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Inferred	328	17.3	52.4	11.5	0.095	2.1
84.5% fresh rock						

Drilling at the Boo-Loo deposit has outlined a Resource of 328 million tonnes of magnetite grading 17.3% iron. Unlike the altered banded iron formation magnetite deposits found in Western Australia, Iron Road’s deposits are hosted in highly metamorphic gneiss host rock, where magnetite mineralisation has a large crystal structure, resulting in ease of liberation at a very coarse grind of over 125 microns, to produce a high quality, coarse grained concentrate with very low levels of contaminants.

Eyre Peninsula Project Location

Well organised Pre-feasibility Study underway



Source: Iron Road

The company has embarked on a pre-feasibility study (PFS) costing \$5 million, which is being managed by Coffey International and other consultants as listed below:

Evans & Peck	study oversight, project implementation plan, scheduling, personnel, risk & opportunity management
Coffey Mining	geology, geotechnical, structural and mining
Mineral Engineering Technical Services (METS)	metallurgical test work, including dry magnetic separation, beneficiation plant design, mine site infrastructure, mine to port concentrate transport and power supply
Sinclair, Knight, Mertz (SKM)	Port options and ground water
Community Engagement Group Australia (CEGA)	Community engagement and access
Aldam Geoscience	approvals pathway
Various consultants	marketing, environment and financial analysis

Results of Metallurgical Test Work

Low Phosphorous

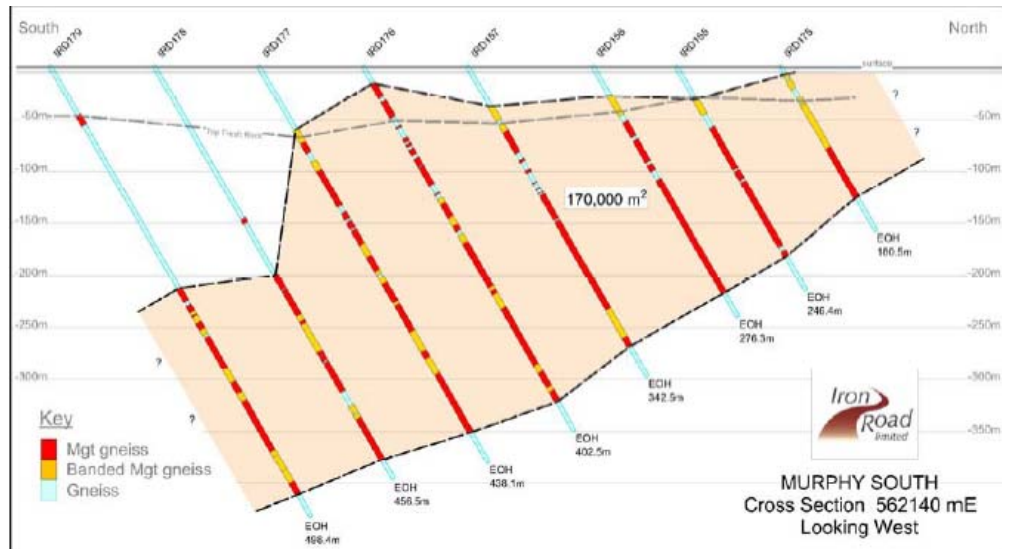
Indicative Concentrate Specifications						
Project	Fe %	Mass Rec %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Stage 1 drilling *	70.3	21.0	1.0	0.8	0.00	-3.3
Boo-Loo **	69.9	21.8	1.3	1.0	0.00	-2.8
Boo-Loo update ***	70.0	21.0	1.3	1.0	0.00	-3.3

P80 passing 40µm
 * based on 72 DTR composites across the upper portion of the CEIP deposit from Stage 1 drilling
 ** based on 396 DTR composites across the Boo-Loo project only
 *** based on an additional 1018 DTR composites outside the original Boo-Loo resource

Source: Iron Road

Summary logging of Magnetite Gneiss on Line 56140mE - Murphy South.

Thick mineralised section



Source: Iron Road

Iron Road has modelled an exploration target of 400-800 mt, grading of 17-20% Fe, within the current drilling programme area at the Murphy South prospect. Drilling reveals shallow cover and persistent mineralisation to at least 400 metres depth, offering favourable characteristics for open pit mining.

Example of Coarse Grained Mineralisation



Source: Iron Road

Hematite & magnetite targets

SOUTH AUSTRALIA – GAWLER IRON PROJECT (90%)

The Gawler Iron Project is located 25 kilometres north of the Trans Australian Railway and within 100 kilometres of the Central Australia Railway in South Australia. Iron Road has a farm-in agreement with tenement holder Dominion Gold Operations to earn up to 90% interest in the iron ore rights.

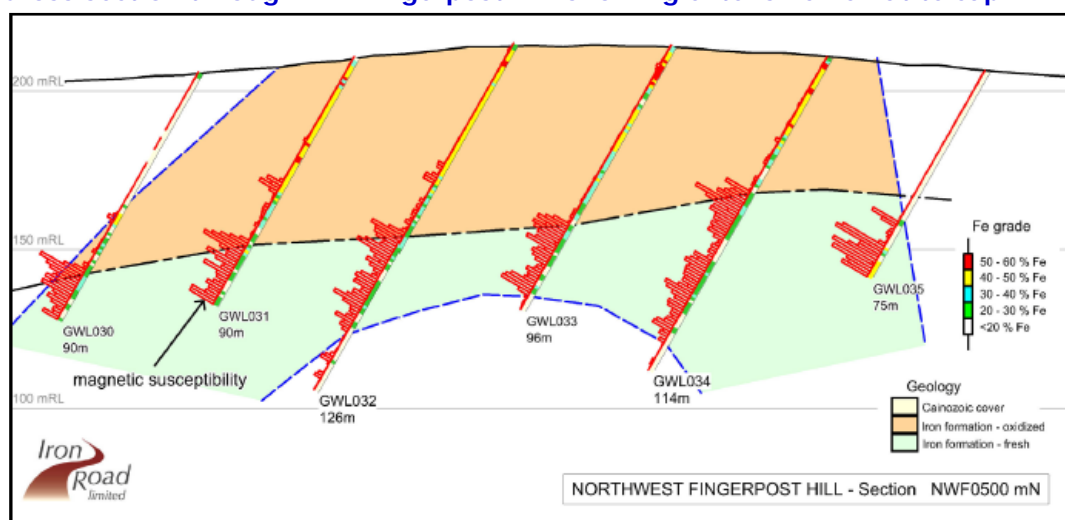
Recent high-resolution aeromagnetic and ground gravity geophysical survey data mapped magnetite gneiss target rocks below the quaternary cover that blankets large parts of the project area. Ten priority targets have been identified for drill testing, based on interpreted structural setting and intensity of coincident gravity and magnetic anomalies. Mineralisation occurs beneath 10 to 55 metres of covering sediments.

At the NW Fingerpost Hill project, an oxidised hematite cap overlying magnetite has been identified with significant hematite rich intersections of 61m @ 43.5% Fe, 60m @ 43.4% Fe, 57m @ 39.6% Fe and 39m @ 42.5% Fe.

Further metallurgical test work required

The Boomer magnetite deposit sits below 25 metres of cover and contains significant high-grade magnetite zones, including 17m @ 40.6% Fe, 20m @ 39.0% Fe, 42m @ 40.8% Fe and 31m @ 42.6% Fe. The results from a pilot metallurgical study of four drill holes, using a coarse grind size of 100% less than 75µm, indicates excellent beneficiation characteristics of this magnetite mineralisation.

Cross section through NW Fingerpost Hill showing extensive hematite cap



Source: Iron Road

Early encouraging results indicate 28.7% mass recovery with 74.7% iron recovery, average iron content of magnetite concentrates in the range 69-70% Fe with 1.1-2.0% SiO₂, 0.6-1.4% Al₂O₃ and 0.00% P.

Iron Road is now moving to carry out a test work programme on oxide (hematite) and magnetite zones, to assess the metallurgy and mineralogy of each ore type. The work will focus on cost-effective beneficiation methods, such as dry magnetic separation that may allow for relatively simple upgrading of ore, possibly producing a concentrate that is suitable for sinter feed

Board & Management

Julian Gosse

Julian has extensive experience in banking and broking.

Chairman

Andrew J Stocks

Andrew is a Mining Engineer with twenty years experience in the resources sector, primarily in mining operations and corporate roles. He has been particularly active in the areas of business optimisation, cost and production efficiency improvements, project evaluation and development of mining projects in Australia and overseas. He was previously Managing Director and Chief Executive Officer of Siberia Mining Corporation until its merger with Monarch Gold.

Managing Director

Ian Hume

Ian has experience in the fields of managed fund investments, capital raising and project development. He was a Founding Partner of The Sentient Group, a manager of closed end private equity funds specialising in global investments in the natural resource industries.

Director

Matthew J Keegan

Matthew is a geologist with ten years professional experience across a range of commodities and held positions with Rio Tinto, Barrick & WMC. He is currently an Investment Advisor at The Sentient Group. Prior to joining Sentient, Matthew was a senior metals and mining analyst at AME Mineral Economics.

Director

Larry J Ingle

Larry is a geologist, with a BSc (Hons) and MSc from the University of Witwatersrand, Johannesburg, and a MBA from the Graduate School of Business, Curtin University of Technology in Perth. He has over 22 years experience in a variety of mining operations, exploration, project development and business improvement roles in Australia and Africa.

General Manager

Dr Fop Vanderhor

Fop is a geologist with over 25 years of exploration and consulting experience. Previously he worked at the University of Western Australia before joining Rio Tinto Exploration as a structural specialist.

Project Manager

Milo Res

Milo is a geologist, with approximately 30 years mining industry experience in Australia and Africa. He holds a BSc (Hons) Geology degree from University of Pretoria and MSc Geology degree from Potchefstroom University in South Africa. Milo has worked with the team developing the Cloudbreak iron ore mining project in the Pilbara and more recently actively participated in the Jack Hills magnetite/hematite mining and development project for Crosslands Resources in the mid-west region of Western Australia.

Geology Manager

Graham Anderson

Graham has over 20 years' commercial experience as a Chartered Accountant. He operates his own specialist accounting and management consultancy practise, providing a range of corporate advisory services to both public and private companies.

Company Secretary

PEER GROUP COMPARISON

Successful iron ore projects have as much to do with ease of access to port and other infrastructure as they do with the quality of their mineral resources. Iron Road's project compares favourably with its Australian magnetite peers. The company has the potential scale to attract funding and off-take partners, while its superior access to transport, power and other utilities, should reduce start-up costs.

While ore grades are relatively low, likely low waste to ore ratios and favourable metallurgical characteristics should ensure that a premium product can be produced at competitive costs.

Central Eyre compares favourably with peer projects

Company	Iron Road	Centrex	Australasian Resources	Gindalbie
Code	IRD	CXM	ARH	GBG
Project	Central Eyre	EPJV / Bungalow	Balmoral South	Karara
Development	PFS	Scoping	Funding	Construction
Reserves/Resources	328 mt Inf		1600/859 mt	1853/522 mt
Target	2.8-5.7 Bt	127-418 mt		
Grade	17.5% Fe		31% Fe	
Start Date	2015	2015	2013	Q4 2011
Production Rate	10 mt pa	10 mt pa	12 mt pa	8-30 mt pa
Product	Concentrate	Concentrate	Pellets & Conc	Concentrate
Product Grade			69% Fe, 0.1% S, 0.01% P, 3.9% SiO ₂	68.2% Fe, 0.01% P, 4.8% SiO ₂
Grind size 80% η	125	32	32	25
Nearest Port km	169	90	30	200
Port	Sheep Hill	Sheep Hill	Cape Preston	Geraldton
Market		Baoutou 10%, WISCO 40%	Shougang	Ansteel
cash \$m (est)	\$6	\$55	\$0	\$200
Market Cap \$m	\$62	\$123	\$102	\$782
EV/tonne	\$0.17	\$0.48	\$0.12	\$0.63
EV/tonne Fe	\$0.97	\$2.74	\$0.39	\$2.09
	Active drilling	Being sued by Kimberley Global funded by IMF	Dead in the water with no funding partner	Drawing down debt

S.W.O.T Analysis**Strengths**

MANAGEMENT: As significant shareholders, Iron Road's Board and management is motivated to succeed.

SHAREHOLDER SUPPORT: Iron Road has strong shareholder support from patient and experienced capital.

LOCATION: Iron Road's project is well located with respect to transport, labour and power.

PRODUCT: Magnetite concentrate from this project area has favourable metallurgical characteristics.

Weaknesses

FUNDING: While the company has sufficient funding to advance a pre-feasibility study, small companies like Iron Road are always more at risk of market volatility.

LOW GRADES: Iron Road will have to overcome perceptions which may prevail concerning the relatively low head grade of its magnetite ore.

Opportunities

FUNDING & OFF-TAKE PARTNER: Iron Road will be in a strong position to attract a funding partner, once it has a completed PFS.

STRONG GLOBAL MARKETS: Demand for iron ore from India and China is unlikely to peak until late in the current decade, providing opportunities for new entrants.

Threats

COMMODITY PRICES AND COSTS: The outlook for iron ore price is favourable over the coming 1 to 4 years, but new projects globally could ease pricing pressure in the latter half of this decade.

COSTS AND SKILLS: In common with all smaller companies, Iron Road will need to compete for capital and scarce skills.

WATER: The Eyre Peninsula is relatively dry and flat, limiting the proposed project's access to water.

TAXATION: Introduction of a mining resource rent tax in Australia creates uncertainty surrounding the project's economic viability.

Disclaimer

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