



17 August 2009

Iron Road Limited (ASX:IRD)

Eyre Peninsula Magnetite

Speculative Buy

\$0.40

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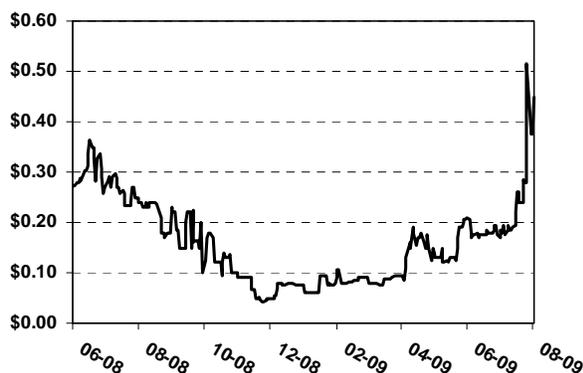
Capital Summary

Issued Capital	62.85m ords 48.45m opts
Market Capitalisation (diluted)	\$44.52m
Share Price (14/08/2009)	\$0.40
52 week low	\$0.04
52 week high	\$0.605
Cash (m) as at 17/08/2009 (post capital raising)	~ \$4.0

Directors & Management

Mr Julian Gosse	Non-Exec Chairman
Mr Andrew Stocks	Managing Director
Mr Ian Hume	Non-Executive
Mr Matthew Keegan	Non-Executive
Mr Graham Anderson	Company Secretary
Mr Larry Ingle	General Manager

Share Price Graph (A\$)



Major Shareholders

Shareholder	Shares Held	% of shares on issue
The Sentient Group*	15,711,875	25.0%
Andrew Stocks	2,310,625	3.7%
Ian Hume	1,750,000	2.8%
Julian Gosse	1,600,000	2.5%
Matthew Keegan	1,600,000	2.5%

* Post August 2009 placement

Key Points

- Initial JORC-compliant inferred resource of 110.5Mt @ 19.4% Fe
- This is from 1.7km (3.4%) of a total of 50km of prospective stratigraphy at the Warramboe Project, and significantly in excess of the June 2009 guidance of 60-80Mt
- Davis Tube Recovery results from fresh material (87.5Mt) indicate a 22% mass recovery to a 70% Fe concentrate
- Testwork to date indicates that magnetite is coarse grained, and that a very high quality magnetite concentrate, suitable for direct reduction, can be produced
- August 2009 institutional placement of 8.2 million shares raised \$2.46 million before costs, with funds to be used on the Warramboe and Gawler projects
- The Sentient Group, IRD's cornerstone investor, used creep provisions to increase their ownership to 25% by taking up a significant part of the placement
- Experienced and focussed board and management

Our View

With its Warramboe Project, Iron Road is one of a number of companies looking at developing iron ore projects in the Eyre Peninsula of South Australia. Since listing a year ago, the company has delivered on its work programmes, and has recently completed its initial JORC-compliant inferred resource estimate of 110Mt @ 19.4% Fe. The company has identified the potential for significant additional tonnage, and is currently preparing a global exploration target. The initial resource is based on only about 3.4% of what the company believes to be a prospective strike of 50km.

Metallurgical work to date indicates that a premium quality magnetite concentrate grading 69.9% Fe and with low contaminants, suitable for direct reduction could be produced from the project, with the coarse nature of the magnetite being a factor in this. Given the above, and despite the relatively low grades, we believe the technical risks at Warramboe are relatively low, with a good chance that the company will ultimately deliver a resource sufficient to supply a long term operation.

We believe the **key risk** to the project (as for others in the region) to be **infrastructure**, and more particularly port facilities. This is typical of bulk commodity projects. At present there is a lack of accessible suitable port facilities on the Eyre Peninsula and thus such facilities will need to be constructed, either individually by companies, or else through a consortium constructing a multi-user facility. Iron Road is actively looking at infrastructure solutions.

We rate Iron Road as a **speculative buy** given the quality board and management, strong cornerstone investor and what we believe is the strong technical potential of the project. We point out that the project has risks, including infrastructure and mineralisation grade, and investors should be aware that, given the relatively early stage of the project, this should be approached as at least a 3-5 year investment.

Background

Iron Road floated on the ASX in June 2008 with a portfolio of iron ore projects in South and Western Australia. The key Warramboe Magnetite Project was vended by Adelaide Resources Limited (ASX:ADN) for 21 million shares (39.14% of the issued capital), with ADN subsequently distributing these shares to their shareholders via an in-specie distribution in March 2009.

The largest shareholder and cornerstone investor is the Sydney based The Sentient Group, who own 25.0% of the company (19.90% at the IPO), and are represented on the board. The Sentient Group is a private equity investment firm specialising in the worldwide resources markets with approximately US\$1.3bn under management.

An institutional share placement in August 2009 raised \$2.46 million before costs through the issue of 8,197,500 shares, with The Sentient Group utilising creep provisions to increase their ownership to 25% by taking up a significant portion of this placement. Funds raised will be used to advance both the Warramboe and West Gawler projects.

The company has a board and management with extensive experience in both technical and commercial fields, with personnel previously holding key positions in mining development projects. We consider the presence of The Sentient Group and the board and management to be key strengths of Iron Road.

The company is one of a number of iron ore explorers/developers concentrating on the Eyre Peninsula in South Australia. Other companies active in this area include Centrex (ASX:CXM), Ironclad Mining (ASX:IFE) and Lincoln Minerals (ASX:LML). The bulk of the defined resources and exploration targets for these companies is magnetite. Centrex also hold the 14Mt Wilgerup direct shipping ore (DSO) hematite deposit, which they plan to mine and export in the short term to provide cashflow to assist them in developing their proposed magnetite operations. Centrex are currently waiting for a ministerial decision on shipping hematite through the existing port facilities at Port Lincoln.

Wuhan Iron and Steel Company ("WISCO") have been active in chasing resources in the region, and have to date signed agreements, MOU's or been in negotiation on magnetite projects with Centrex, Ironclad and Western Plains Resources (ASX:WPG). Lincoln Minerals have a 60:40 JV over their Gum Flat Project with Mineral Enterprises Limited, an Indian iron mining group

As is the case for all bulk commodity projects the critical issue is transport infrastructure. The development of any of the Eyre Peninsula magnetite projects will require the construction of suitable infrastructure, including ports, rail spurs and possibly slurry pipelines, and we believe infrastructure to be the key risk for Iron Road.

Magnetite

Magnetite (Fe_3O_4) is a significant source of iron ore worldwide, supplying approximately 1/3 of the 2007 total iron ore production of 1.6Bt, and is prevalent in China, North America, the C.I.S. and Europe. (Metalytics "An Overview of the Iron Ore Industry", in the Iron Road Prospectus).

Historically, given the discovery of massive DSO hematite (Fe_2O_3) resources in the Pilbara in the 1960's, the bulk of Australia's iron ore production has been from these ores, which can be mined and shipped without significant beneficiation. The depletion of these high quality hematite resources with the concomitant increase in the mining of lower quality DSO material, and the increases in iron ore prices have led to a significant increase in interest for magnetite projects in Australia.

Higher magnetite capital and operating expenditure offset by premium product prices

Magnetite ores generally need to be beneficiated to produce a feed suitable for steel making, with this requiring additional capital and operating costs over that required for DSO hematite operations. Indicative operating costs over that required for DSO operations can be in the order of \$10/tonne of ore for beneficiation, and up to \$20/tonne of concentrate for pelletising. Indicative additional capital costs can be in the order of \$30/annual tonne for crushing and concentrating, and \$70/annual tonne for pelletising. One offset of these costs can be where a slurry pipeline is used to transport concentrate – these have lower unit capital and operating costs than comparable rail transport systems.

This beneficiation however can result in a high quality (68-70% Fe, low impurity) product suitable for direct reduction (DRI) in electric arc furnaces. Magnetite products include concentrate and pellets, and the high quality (and value adding) of these products results in a **premium price** being paid for them, offsetting the additional capital and operating costs.

Direct reduction is a process whereby furnace feed is reduced directly to iron without the need for reductants such as coke. As contaminants are not removed a high quality feed is required which can include low contaminant magnetite, and more commonly scrap. Approximately 68Mt of the 2008 total steel production of 1.3Bt was through direct reduction (source: Midrex 2008 DRI production statistics), with "mini-mills" being a common user of this process. This has grown approximately 55% from 44Mt in 2000.

Given the magnetic properties of magnetite the beneficiation process at the mine site is generally relatively simple. This process commonly involves crushing and grinding, followed by magnetic separation. In some cases reverse flotation is also used. The final concentrate is then commonly pelletised with a binder to form material suitable for furnace feed.

Up until recently Grange Resources' (ASX:GRR) Savage River in Tasmania was the only significant magnetite producer in Australia, however recent developments have included OneSteel (ASX:OST) converting their Whyalla steelmaking operations to use magnetite feed whilst exporting their hematite. Both of these operations include pelletiser plants and slurry pipelines between minesite concentrators and their pelletisers.

In Western Australia, CITIC Pacific is well advanced in construction of their Sino Iron Project, located near Cape Preston

in the Pilbara, with first production expected in 2010. The project will produce up to 27.6Mtpa mixed magnetite concentrate and pellets, with a capital cost in the order of \$5.2 billion (source CITIC Pacific release, 5/2/2008). Other advanced magnetite projects include Australasian Resources' (ASX:ARH) Balmoral South, Aurox's (ASX:AXO) Balla Balla, Grange's Southdown and Gindalbie's (ASX:GBG) Karara projects, all located in Western Australia.

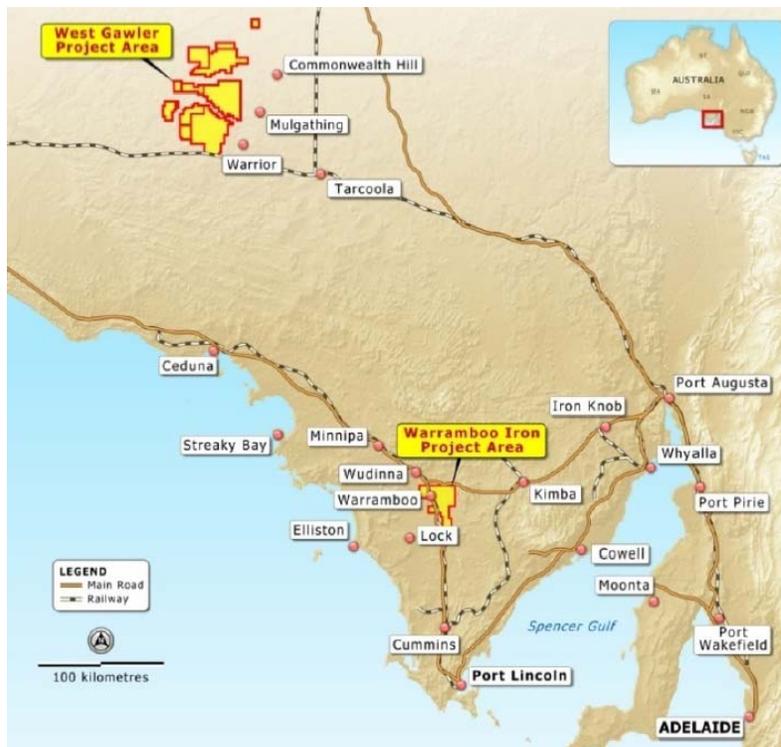
Projects

Iron Road holds projects in both South Australia and Western Australia, with their major project being Warramboo on the Eyre Peninsula in South Australia.

Project locations (Source: Iron Road presentation)



South Australian project areas (Source: Iron Road Presentation)



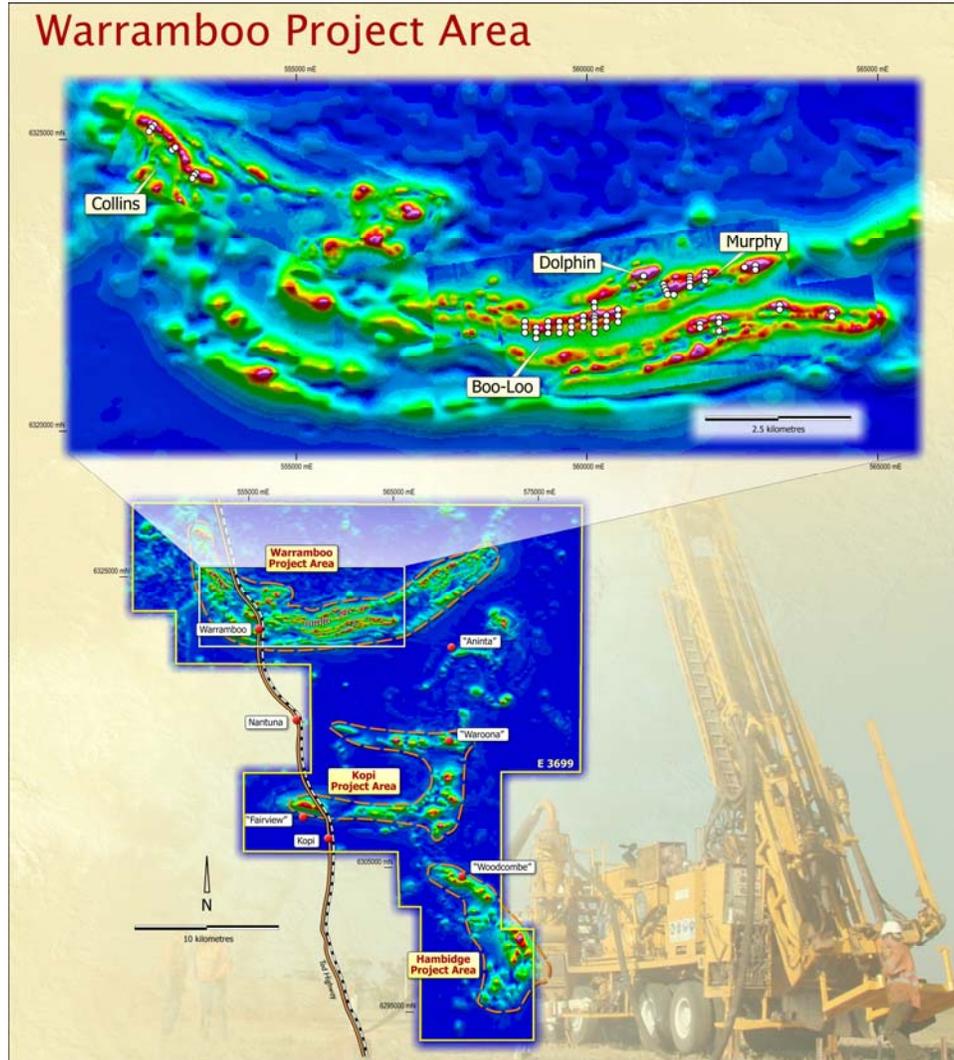
Warrambo Project

Background, Geology and Mineralisation

The company's flagship project is their Warrambo Project on the Eyre Peninsula in South Australia. The project is located over gently undulating marginal wheat growing country, with some areas of scrubby sand dunes.

The project is located over units of the intensely deformed Archaean Sleaford Complex which has undergone upper amphibolite to granulite facies metamorphism, resulting in relatively coarse grained gneisses. The host units for the mineralisation are quartz/feldspar/biotite/magnetite gneisses.

Detail Map of the Warrambo Project, showing location of prospects and drilling to date (Source: Iron Road)



JORC Resource

The company has recently announced its initial JORC-compliant resource for the Boo-Loo area of 110.5Mt @ 19.4% Fe, with DTR testwork on fresh material (87.5Mt @ 19.4% Fe) resulting in a 21.8% mass recovery to a 69.9% Fe concentrate. The resource estimate is presented in the table below, and is significantly greater than June 2009 guidance of 60-80Mt.

Boo-Loo Resource Estimate – 12% Fe Lower Cutoff							
Resource Classification	Material Type	Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Inferred	Fresh	87.5	19.4	51.0	11.1	0.10	1.2
	Transitional	4.1	19.3	46.7	12.2	0.06	7.1
	Oxide	18.9	19.6	46.2	12.5	0.06	7.6
Total		110.5	19.4	50.0	11.4	0.09	2.5

Although the resource grades and mass recoveries are lower than other Australian magnetite projects (which typically average around 30% Fe), metallurgical testwork to date indicates that the project has the potential to produce a very high quality direct reduction grade magnetite concentrate from a coarse grained feed, with magnetite grainsize averaging 1.5mm, and low levels of inclusions in the magnetite resulting in low levels of deleterious elements.

We consider the newly defined resource to be a reasonable result given the limited strike tested (~3.4% of the total strike potential), and would point to the potential for +1 billion tonnes of magnetite mineralisation to be present within the tenement, with this including the potential to discover higher grade mineralisation. The company is currently calculating exploration target tonnages for the project. We estimate the company will need a resource of at least +750 million tonnes at current recoveries to provide sufficient reserves to feed a 20 year operation producing 5 million tonnes of concentrate per year.

The company envisages a low strip open cut mining operation producing +5Mtpa of magnetite concentrate/pellets, with concentrate being produced at site, and then transported by rail or slurry pipeline to a port site.

Exploration

Two drilling campaigns have been carried out to date by IRD, both in the Warramboos area. Initial work included selecting targets from high quality airborne magnetics data that was flown in 1994. **This data indicates that well in excess of 50km strike length of prospective geology is present in the tenement.**

The initial Phase I reverse circulation (RC) programme (32 holes, 4,465m) tested a number of targets over the Dolphin-Murphy and Collins areas, with the second being a more detailed RC/diamond tail programme over the Boo-Loo prospect (28 holes for 6,168m) which has been used in the initial resource over a 1.7km strike length, which comprises approximately 3.4% of the total prospective strike within the tenement. The Boo-Loo prospect was selected for follow up following the Phase I programme. In addition seven Phase II holes for 1,042m were drilled in the Collins area, to the northwest of the main Boo-Loo prospect. This drilling resulted in significant intersections, including 46m @ 24.9% Fe from 26m depth in hole RCIR038.

The drilling has intersected significant thicknesses of mineralisation, and combined with interpreted shallow to moderate dips the project displays potential for a low strip ratio operation.

Metallurgy

Extensive Davis Tube Recovery (DTR) testwork was completed on samples from both drilling programmes, with a summary of the results presented below.

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
P80 passing 40µm						
* Based on 72 DTR composites across the upper portion of the Warramboos deposit from Stage 1 drilling						
**based on 396 DTR composites across the Boo-Loo Project only						

The 20% DTR recovery is lower than that from other comparable Australian magnetite projects; however the IRD results indicate that a premium quality direct reduction product may be produced. The company is currently carrying out further metallurgical testwork, including dry magnetic separation work to determine if the material can be successfully pre-beneficiated which would reduce grinding and beneficiation costs.

The metallurgical testwork is being carried out by ProMet, who have significant magnetite metallurgical expertise, and are considered leaders in the field in Australia.

Infrastructure

With bulk commodities the key issue is infrastructure, and this we believe is the **key risk** for the company, as well as the other iron ore players in South Australia. The project area is well served by power (20km to the main hub at Wudinna), sealed roads and narrow gauge rail. The critical issues for the Warramboos project include port access and water.

Power

The nearest power hub is located at Wudinna, approximately 20km to the north of Warramboos. The company have indicated that there is sufficient spare capacity in the grid to supply a 5Mtpa concentrate operation, with this involving the construction of a 20km transmission line from Wudinna.

Water

Water will be a critical issue in the advancement of the project. The nearest supply are borefields at Lock, however the company are considering all options including desalination. Groundwater at the site is apparently hypersaline and likely not suitable to be used for ore processing.

Rail

The Eyre Peninsula is served by a narrow gauge rail system, operated by Genessee and Wyoming that, given its gauge is

stranded from the rest of the South Australian and mainline standard gauge network. This does restrict the use of rail transport to the Eyre Peninsula. Genessee and Wyoming have been recently carrying out upgrade works on the network.

The rail is currently used for grain transport, and is under utilised, however upgrading has been recently carried out on the line. The line passes through the Warramboe tenement, and passes within 27km of Centrex's proposed Sheep Hill port site.

Map showing possible transport options (Source: Iron Road)



Port Access

The critical issue that is holding back the development of the emerging iron ore projects in South Australia is access to a suitable deep water port. OneSteel tranship to offshore loading barges at their Whyalla operations, however until now they have not allowed third party access to this facility. Witness their decision not to allow Western Plains Resources access to the port in December 2007 after a lengthy period of negotiations.

A number of groups are now looking at Port Bonython, east of Whyalla, as a possible bulk export port, however given the rail infrastructure and distance this site would appear to not be a viable alternative for the potential Eyre Peninsula producers. The major port on the Eyre Peninsula is Port Lincoln, which is only 15% utilised and can handle Panamax sized vessels.

For their proposed magnetite projects Centrex, in partnership with WISCO, has proposed building a port at Sheep Hill, approximately 70km north of Port Lincoln on the eastern side of the Eyre Peninsula. Studies commissioned by Centrex to date have indicated that a port capable of handling Cape sized vessels can be built for ~\$150 million, including storage sheds and a 450m long jetty. In addition a 27km rail spur will need to be built from Ungarra.

Use of this proposed facility is one of a number of options being considered by Iron Road, and would involve railing concentrate 180km from the proposed Warramboe mining and processing operations. Iron Road has had preliminary talks with Centrex regarding Sheep Hill.

Another option being considered by Iron Road is building their own port outside of Elliston, approximately 80km west of Warramboe. Preliminary studies have concluded that this would be a suitably sheltered site for a port capable of handling capsized vessels, and Iron Road envisage constructing an 80km slurry pipeline from the minesite to the port site, with the port facilities including a possible pelletising plant. The pipeline infrastructure would include a return water pipeline to the minesite. The Savage River operation has a similar length pipeline connecting the mine to the pelletising plant and port at Port Latta.

It has to be stressed that the infrastructure work is at an early stage, and the company has not settled on any one option with regards to infrastructure. As stated earlier we believe infrastructure to be the key risk to the project

West Gawler Project

The West Gawler Project is located west of Tarcoola on the Trans-Australian Railway, and within 100km of the Adelaide-Darwin Railway.

The area contains over ten areas of known historic iron occurrences, including Mt Christie on which work was done in the 1960's. This work included beneficiation, with concentrates grading 56-65% Fe being produced with iron recoveries ranging from 70-90%

The company has carried out three field trips to the area, and is currently reviewing data with a view to preparing an ongoing work plan. The most recent trip involved a field sampling programme, with results pending. Upcoming work, to be funded from the proceeds of the recent share placement will include a detailed airborne magnetics survey, the results of which will be used in target generation.

The company are of the view that the iron mineralisation may in fact be associated with Achaean units similar to those at Warrambo, and not Proterozoic BIF's which host Stellar's Tarcoola and WPG's Hawk's Nest mineralisation.

Windarling Project

The Windarling Project is located approximately 85km north of Koolyanobbing in Western Australia, and 5km south of Cliff's Windarling iron operations. The tenements are considered prospective for BIF-hosted magnetite and hematite mineralisation, and more recent work by Iron Road has included a data review.

Board and Management

Julian Gosse – Non-Executive Chairman

Mr Gosse has extensive experience in banking and broking both in Australia and overseas.

Mr Gosse is currently Chairman of ITL Limited and a Director of Wilson Investment Fund Limited, Clime Capital Limited, Australian Leaders Fund and the Foundation for National Parks & Wildlife.

Andrew Stocks – Managing Director

Mr Stocks 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.

Mr Stocks was previously Managing Director and Chief Executive Officer of Siberia Mining Corporation until its merger with Monarch Gold. Prior to Siberia, he was Vice President, Operations of Crew Gold Corporation, a London based mining and exploration company

Ian Hume – Non-Executive Director

Mr Hume's career in the resources industry stretches back several decades, primarily in the fields of managed fund investments, capital raising and project development.

Mr Ian Hume 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. Since its inception, The Sentient Group has raised over US\$1.3 billion for its investment funds. He remains an independent advisor to The Sentient Group, following his retirement from the fund in 2008.

Prior to the founding of The Sentient Group, Mr Hume was a consultant to AMP's Private Capital Division, working on the development of a number of Chilean mining investment joint ventures, as well as advising on a number of specific investments across a range of commodities and locations.

He currently sits on the board of Andean Resources and Norsemont Mining, which are listed in Australia and Canada respectively.

Matthew Keegan – Non-Executive Director

Mr Keegan gained extensive experience as a mine geologist working for companies such as Rio Tinto and Barrick across a range of commodities including iron ore, nickel, and gold. Mr Keegan is currently an Investment Advisor at The Sentient Group.

Prior to joining Sentient, Mr Keegan worked as a mining analyst.

Larry Ingle – General Manager

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

His strong expertise in geology and experience in project development is of immense value to Iron Road, particularly as the Company investigates its Warrambo project in South Australia.

Graham Anderson – Company Secretary

Mr Anderson is a graduate of Curtin University and 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. From 1990 to 1997 he was an audit partner at Duesburys and from 1997 to 1999 he was an audit partner at Horwath Perth.

He is currently Director and Company Secretary of APA Financial Services Limited, Echo Resources Limited, Pegasus Metals Limited and Dynasty Metals Australia Limited and Company Secretary of Apex Minerals NL.

Comparison With Peers

As mentioned previously there are a number of iron ore explorers/developers operating in the Eyre Peninsula, including Centrex, Lincoln Minerals and Ironclad. A summary of the relevant points of these companies is tabulated below.

Company	Project	Resources (company's share)	Partners*	EV** (A\$m)	Comments
Iron Road ASX:IRD	Warrambo Magnetite	110.5Mt magnetite (from 3.4% of prospective target zone)	None	\$21	High quality, coarse grained magnetite
Centrex ASX: CXM	Wilgerup Magnetite	14.1Mt hematite 1213-2698Mt magnetite target	WISCO (magnetite)	\$120	Most advanced, looking at initially shipping DSO hematite, and then developing magnetite
Ironclad ASX:IFE	Wilcherry Hill & Hercules	220.8Mt magnetite some DSO potential	WISCO, Trafford	\$9	High quality coarse magnetite at Wilcherry Hill,
Lincoln Minerals ASX:LML	Gum Flat	34Mt magnetite	Mineral Enterprises	\$20	Southern Eyre Peninsula, also have Indonesian DSO project
Western Plains ASX:WPG	Peculiar Knob & Hawks Nest	37.4Mt DSO Hm, 569Mt magnetite	WISCO (magnetite)	\$31	Projects well advanced, not Eyre Peninsula
Stellar ASX:SRZ	Coolybring	~250-500Mt magnetite target	None	\$3	Near Tarcoola – not Eyre Peninsula. Portfolio includes significant non-iron assets

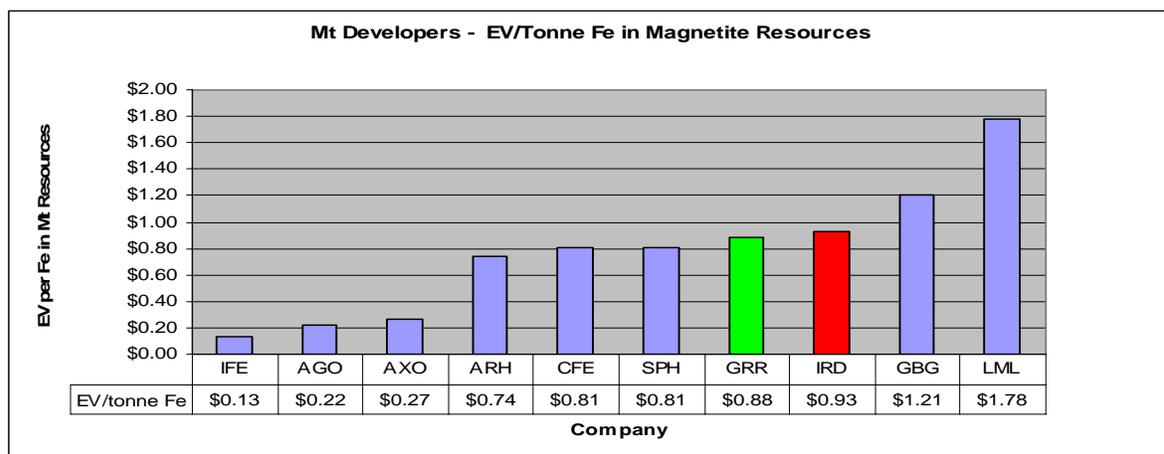
* Partners includes JV partners, and parties that the company has publically announced progress in negotiations with

** EV – Enterprise Value is market capitalisation inclusive of non-tradeable ordinary shares (eg escrowed), plus debt minus cash

The companies listed above are at different stages of development, and in addition have different mixes of hematite and magnetite mineralisation, therefore making it risky to make direct comparisons of values.

The graph below compares magnetite developers and producers on the basis of **Enterprise Value per Tonne of Contained Iron in Magnetite Resources** (not including exploration targets, and only including the percentage of resources attributable to the relevant company). Enterprise value is as defined above.

This clearly shows, based on their recently released resources, IRD's EV/tonne Fe value is at the higher end, reflecting a positive market sentiment for the future potential of the company. This view is supported by the stock currently trading at a significant premium to the recent 30c placement price.



Notes: AGO, GBG and LML adjusted for estimated value of hematite operations, GRR (green) is a current producer (Savage River), CFE

value is the 2008 sale price of its Cape Lambert Project.

Ironclad and Lincoln Minerals, the other SA potential developers on the graph have respectively the lowest and highest EV/tonne values. Western Plains Resources has not been included on the above graph given that their primary focus has been development of their hematite projects, and Centrex has not been included as no JORC compliant magnetite resources have been published, and their initial focus is on the Wilgerup hematite project.

The majority of the other companies are in Western Australia, where progress is being made on the development of additional infrastructure to that already in place.

Given that Grange is the only magnetite producer on the above chart, and that over 50% of their resources are in the non-producing Southdown asset, it is difficult to reasonably predict at where the market would value a producing asset.

Milestones

We would expect the following milestones to affect the company's price over the short to medium term:

- **Announcement of Warramboos exploration targets**
- **Ongoing resource upgrades and exploration progress over the company's portfolio, including Warramboos, Gawler and Windarling**
- **Ongoing positive results from metallurgical testwork**
- **Ministers decision regarding the use of Port Lincoln by Centrex**
- **Positive news regarding potential strategic partner/partners**

Conclusions and Recommendation

The company is undertaking an ambitious project at Warramboos; and we believe the key risk is infrastructure, followed by the significant capital required to get such a project up and running. This second point would be at least partially addressed by bringing in a major strategic partner at a later date, who would also ideally take the majority of the offtake from the project.

Technically we believe the project has the potential to deliver the tonnages and grade of mineralisation required to support a large scale magnetite project, and the viability of the company and project is supported by the following factors:

- **Supportive cornerstone investor in The Sentient Group**
- **Experienced and well-proven board and management**
- **Testwork to date indicating that the coarse grained ore produces a very high quality DRI concentrate**
- **Drilling intersecting the thick sequences of mineralisation required for a potential low strip ratio operation**
- **The recently published resource is based on only a minor part of what is considered the prospective stratigraphy, and hence we consider that there remains significant potential to discover the grades and tonnages of mineralisation required for a major magnetite project.**

Despite their current comparative value, we rate Iron Road as a **SPECULATIVE BUY**; however potential investors do need to be aware of the significant risks and the likely 3-5 year time frame in adding significant value to the company. We can offer no price target.

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Date Prepared: August 2009

Analyst: Mark Gordon

Release Authorised by: David Whiting

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