



Iron Road Limited (ASX:IRD)

Unchanged - Speculative Buy

Update – Central Eyre and Gawler Iron Project Work Programmes

\$0.68

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Capital Summary

Issued Capital	63.81m ords 51.29m ords
Market Capitalisation (diluted)	\$78.27m
Share Price (09/03/2010)	\$0.68
52 week low	\$0.07
52 week high	\$0.86
Cash (m) as at 31/12/2009	\$2.31

Share Price Graph (A\$)



Key Points

- Detailed airborne magnetics confirm prospectivity of Central Eyre Iron Project, and strengthens the independently calculated exploration potential of 2.8-5.7 billion tonnes of magnetite gneiss
- Extensive drilling programmes planned for 2010 on the Central Eyre Project
- Initial 12,600m resource expansion drilling programme at Boo-Loo commenced in January
- Assays from a number of holes at Boo-Loo now received, with the company indicating that results are consistent with those from previous drilling
- Results of metallurgical testwork have confirmed the readily upgradeable ore characteristics
- Detailed gravity and magnetics surveying at the Gawler Iron Project has delineated targets for possible DSO mineralisation
- Field sampling in 2009 resulted in a number of rock chip samples returning >60% Fe, with an average grade of 53% Fe
- Heritage clearance has been obtained over a number of the Gawler targets, with drilling planned to commence in Q1, 2010

Our View

Iron Road has recently commenced on its 2010 work programmes, with these including significant drilling. This follows the successful completion of the 2009 work programmes.

Detailed airborne magnetics completed over target areas within the Central Eyre Iron Project strengthened the independently calculated exploration potential of 2.8-5.7 billion tonnes of magnetite gneiss. This work, completed in October 2009 was flown at a line spacing of 50m and survey height of 20m.

Ongoing metallurgical testwork has confirmed the suitability of the Warrambo mineralisation for upgrading to a saleable product, with ProMet Engineers. This work has resulted in viable process options using understood off the shelf technology. The work has also demonstrated that a high grade blast furnace feed (~68% Fe) can be produced at a grind size of 80% passing minus 65µm, which compares favourably to other magnetite deposits, which commonly require a grind size as low as 28µm.

The company has now commenced the first of a number of drilling programmes planned for 2010. This is a 12,600m drilling programme at Boo-Loo, planned to extent the current 110.5Mt resource.

Other work planned for the Central Eyre Project during 2010 includes ongoing metallurgical studies, infrastructure studies and project scoping.

At West Gawler the company has completed detailed gravity and airborne magnetics surveying. This followed on from encouraging results from the 2009 reconnaissance mapping and rock chip sampling, which returned average grades of 53.4% Fe and 16.8% SiO₂, with a number of samples returning >60% Fe with low contaminants. Work by the South Australian Department of Mines and Energy in 1962 indicated that low grade hematite material from Mt Christie (within the project area) could be upgraded by simple mechanical methods.

The results of the geophysical work have outlined a number of targets considered prospective for DSO hematite mineralisation, and heritage surveys have now been completed and clearance for both RC and diamond drilling granted over a number of target areas. The company plans to commence drilling in Q1, 2010.

The company has developed a proposed exploration model for West Gawler, suggesting the potential for BIF-hosted DSO mineralisation similar to that at Cliffs Natural Resources Koolyanobbing deposit in Western Australia. This model suggests that the specular hematite is the product of structurally controlled hypogene processes.

Overall we believe these are excellent results for the company, with the company also keeping on track with its aggressive work programmes. We maintain our speculative buy recommendation with a 3-5 year investment period. Potential investors also need to be aware that early stage resource projects are considered high risk investments.

Figure 1 – Project Locations (Source: Iron Road release).

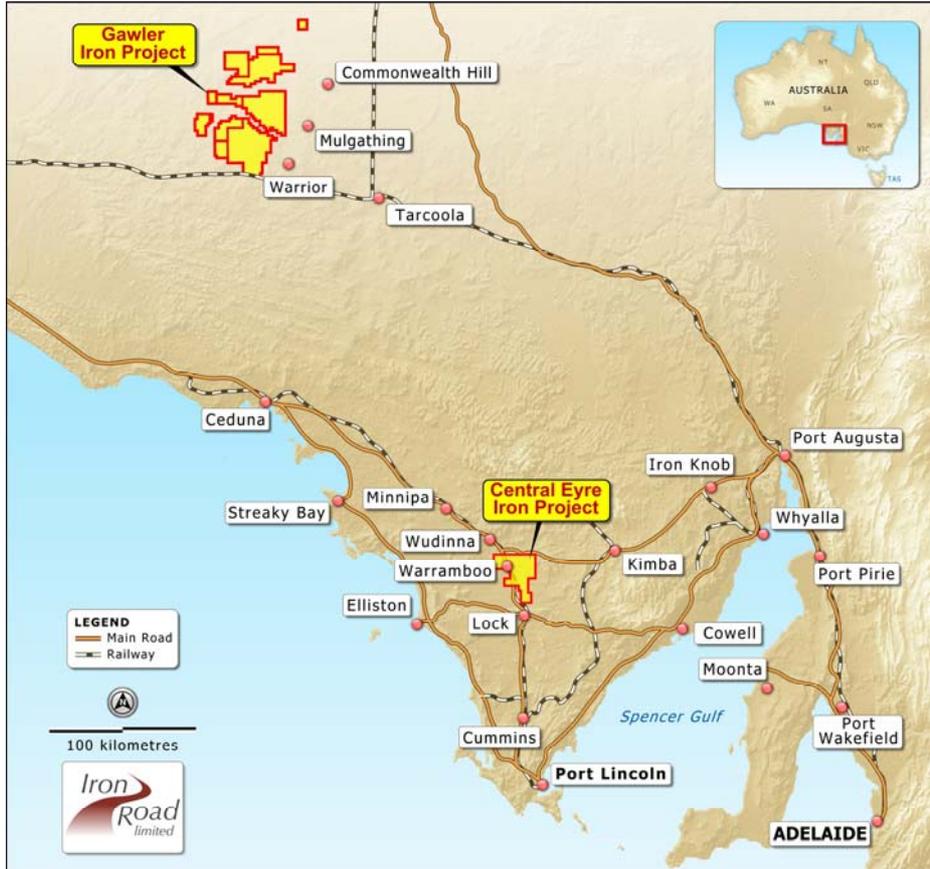


Figure 2 – Central Eyre Iron Project existing (black and outlines) and new (white outlines) detailed airborne magnetic survey coverage (Source: Iron Road release).

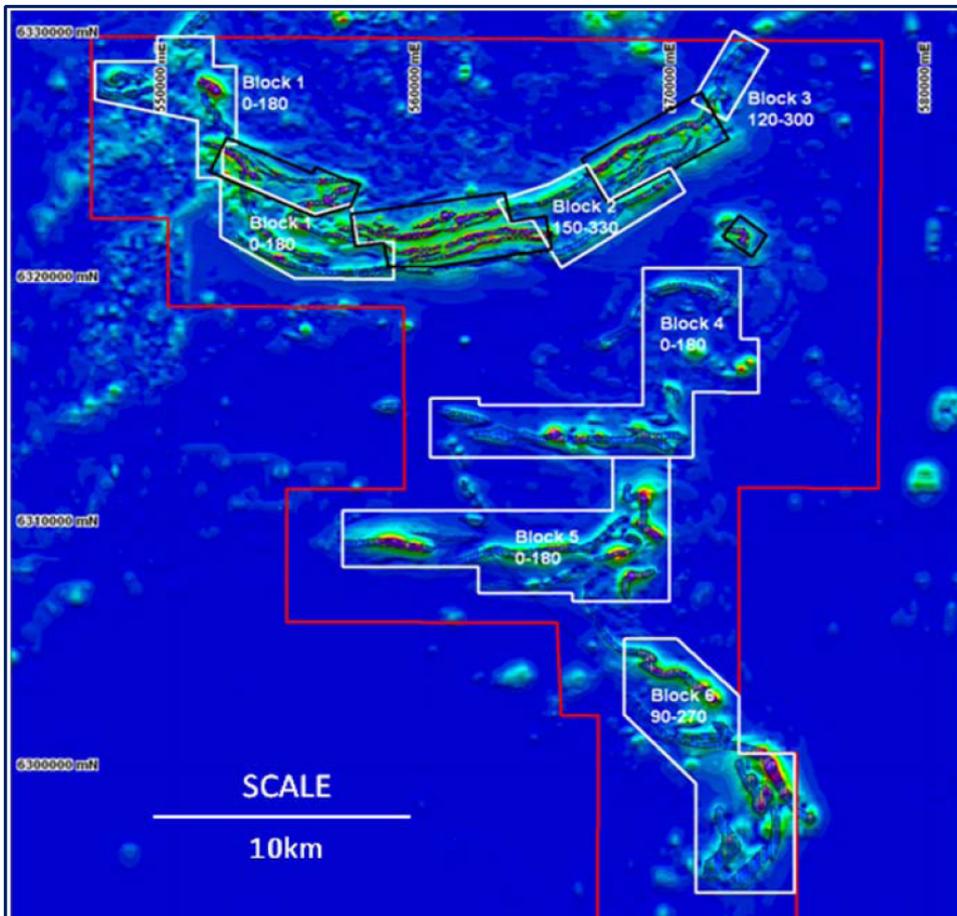


Figure 3 – West Gawler Project Geological Interpretation on Magnetic Image (Source: Iron Road release)

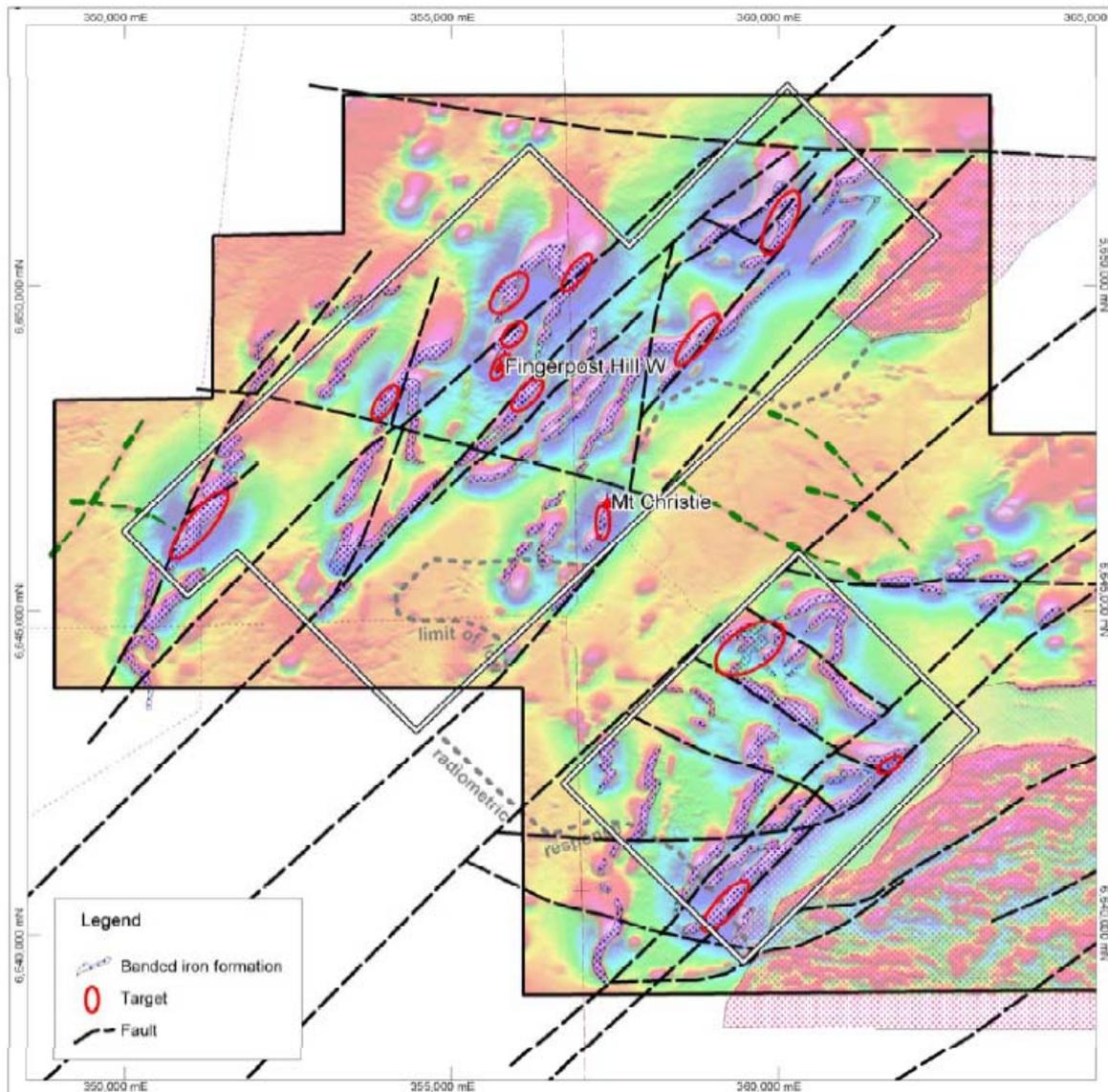
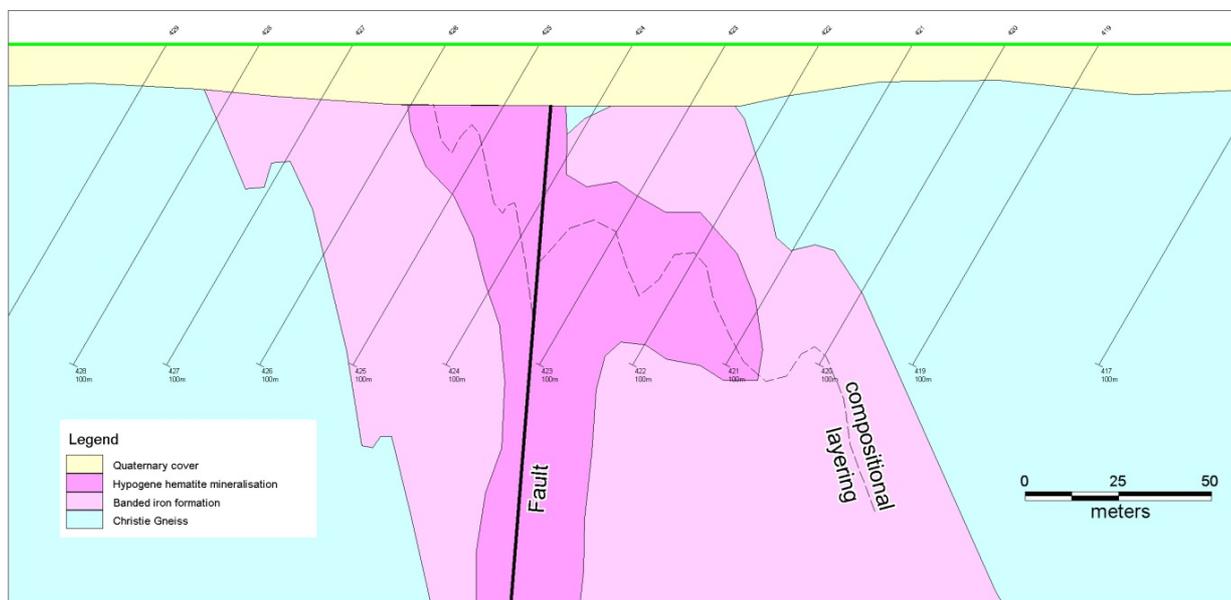


Figure 4 – West Gawler Project Conceptual Exploration Model (Source: Iron Road release)



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Date Prepared: March 2010

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