Radar Iron Ltd

353Mt @ 26.1% maiden JORC Inferred Resource... favourable metallurgy

Radar Iron today announces a maiden JORC Inferred and Indicated Resources of 353Mt @ 26% Fe (20% cut-off grade) at its Die Hardy Range Iron Ore Project ("Die Hardy"), located approximately 125km north of Southern Cross in the central Yilgarn region of Western Australia.

The resource estimate was undertaken by Perth based CSA Global and was based on 25 RC drillholes drilled on a spacing of 80m x 400m over a strike length of 1.8 kilometres. Widths of 100-300 metres were encountered down to a depth of 350 metres. The drilling campaign was conducted over May-September 2011.

Mineralisation remains open along strike and at depth. RM Research believes that the Company is on track to deliver on a resource well in excess of 1bt based on the fact that only 1.8km of an apparent strike of 3.4 kilometres has so far been tested.

Davis Tube testwork on four composite samples returned excellent metallurgical results on material pulverised to 80% passing 50 microns. A concentrate inventory of 112.1 Mt @ 69.2% is highly competitive with industry peers.

This encouraging resource statement comes of the back of the positive Scoping Study undertaken by Engenium (Radar Iron ASX Announcement 29/08/11) which indicated that a 700Mt -1.1bt exploration target had the potential to support a 20 year mine life producing 10Mtpa of concentrate per annum with a positive NPV and attractive IRR. Metrics for a smaller 2Mtpa operation were also positive.

RM Research considers that the Company remains on track to deliver on its timetable set out in our last report (RM Research, 4/10/11) which will see the continuation of resource drilling at Die Hardy along with the completion of a Feasibility Study by June 2013.

Relevant news coming up in 3-4Q 2012 are likely to include further resource upgrades at Die Hardy together with results from the ongoing hematite exploration program which is following up over 20 geophysical/geochemo targets.

This resource statement by Radar Iron together with further encouraging news from the Yilgarn Iron Ore Province including the investment of over A$18.0 million by Indian Government company NMDC to progress the Mt Bevan Iron Ore project (Legacy Iron Ltd, ASX Announcement 18/10/11) provides further evidence of the mineral endowment and infrastructure advantages of this region. In particular the port of Esperance has supported the capacity expansion to 30Mt p.a. in the near term.

Our recommendation has been upgraded from Speculative Buy to Buy on the back of both the resource statement and positive metallurgical results. Our bullish stance has been somewhat tempered by the recent 32% decline in iron ore prices in October 2011 however we anticipate a strong rebound in CY 2012 on supply side constraints. We also remain sceptical of supply side projections given that 55% of projected seaborne iron ore growth failed to materialise from 2008 to 2010 (RM Research, Radar Iron Ltd, 04/10/11).
**RESOURCES & RESERVES**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Mt</th>
<th>Fe</th>
<th>Al₂O₃</th>
<th>SiO₂</th>
<th>P</th>
<th>S</th>
<th>LOI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated</td>
<td>214.9</td>
<td>26.7%</td>
<td>3.4%</td>
<td>51.0%</td>
<td>0.1%</td>
<td>0.5%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Inferred</td>
<td>137.6</td>
<td>25.2%</td>
<td>3.5%</td>
<td>52.1%</td>
<td>0.1%</td>
<td>1.0%</td>
<td>1.3%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>352.5</td>
<td>26.1%</td>
<td>3.4%</td>
<td>51.4%</td>
<td>0.1%</td>
<td>0.7%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

**METALLURGY**

Davis Tube (“DTR”) test work on material pulverised to 80% passing 50 micron, resulting in the concentrate inventory set out in Table 2.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Mt</th>
<th>Fe</th>
<th>Al₂O₃</th>
<th>SiO₂</th>
<th>P</th>
<th>S</th>
<th>MassRec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated</td>
<td>71.2</td>
<td>69.3%</td>
<td>0.1%</td>
<td>4.2%</td>
<td>0.00%</td>
<td>0.3%</td>
<td>33.8%</td>
</tr>
<tr>
<td>Inferred</td>
<td>40.9</td>
<td>69.1%</td>
<td>0.1%</td>
<td>4.4%</td>
<td>0.00%</td>
<td>0.4%</td>
<td>33.9%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>112.1</td>
<td>69.2%</td>
<td>0.1%</td>
<td>4.3%</td>
<td>0.01%</td>
<td>0.3%</td>
<td>33.8%</td>
</tr>
</tbody>
</table>

**GEOLOGY AND MINERALISATION**

A 25 hole RC program over 3Q 2010, 1Q 2011 outlined a ridge of magnetite bearing banded iron formation, dipping steeply to the south, between 100-300 metres wide and up to 350 metres in depth. Mineralisation can be traced for over 3.4 kilometres. The ore body is partially demagnetised to 40-50m depth and recent metallurgical test work indicates that magnetic concentration may be possible for some of this weathered material. The resource remains open along strike and at depth. This 80m x 400m RC campaign targeted around 1.8km of the 3.4km strike length.
CONCLUSION

The Company is essentially “on track” to deliver on its predictions in respect to a substantial magnetite resource with favourable metallurgical characteristics. Furthermore, the Yilgarn Iron Ore Province has, in our view, moved up the food chain with further delays at Oakajee suggesting that development in the Mid-West will remain a dream for some time to come. The outcome of hematite exploration is eagerly awaited and we remain cautiously optimistic of success here moving into CY 2012. Our near term price target remains 60 cents.
RM Research Recommendation Categories

Care has been taken to define the level of risk to return associated with a particular company. Our recommendation ranking system is as follows:

**Buy**
Companies with ‘Buy’ recommendations have been cash flow positive for some time and have a moderate to low risk profile. We expect these to outperform the broader market.

**Speculative Buy**
We forecast strong earnings growth or value creation that may achieve a return well above that of the broader market. These companies also carry a higher than normal level of risk.

**Hold**
A sound well managed company that may achieve market performance or less, perhaps due to an overvalued share price, broader sector issues, or internal challenges.

**Sell**
Risk is high and upside low or very difficult to determine. We expect a strong underperformance relative to the market and see better opportunities elsewhere.

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