

About Iron Road

Iron Road Limited was established to capitalise on the growing global demand for iron ore. Iron Road has a strong project portfolio including a well-located development stage project, complemented by another early stage project.

Iron Road's principal project is the Central Eyre Iron Project (CEIP) in South Australia.

A definitive feasibility study confirms the compelling commercial case for a mining, beneficiation and infrastructure solution with production of 21.5Mtpa of premium iron concentrates for export.

Metallurgical test work indicates that a coarse-grained, high grade, blast furnace quality concentrate may be produced with low impurities.

The Company has a multi-disciplinary Board and management team that are experienced in the areas of exploration, project development, mining, steel making and finance.

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Iron Road Limited continued with optimisation studies following on from the Definitive Feasibility Study (DFS) for the flagship Central Eyre Iron Project (CEIP). The objective of current optimisation studies is to maintain or exceed the current initial 25 year mine life at an increased annual CEIP output of 24Mtpa of premium, high quality iron concentrate. Discussions also progressed with strategic investors and financial institutions.

HIGHLIGHTS

Central Eyre Iron Project (CEIP)

- Stage IX drilling programme complete, successfully proving the CEIP orebody in the targeted 'gap' area between Boo-Loo and Murphy South and the strike extension to the east of the Boo-Loo mineralisation.
- Assay results (pending), will allow for re-estimation of the Boo-Loo mineral resource, with an expected increase in size and an upgrading of the JORC resource category for a portion of the existing Inferred Mineral resource.
- Information from the expanded total resource estimate will be used to produce an updated mine plan, incorporating an optimisation of the pit shell design by experts from Thiess Pty Ltd (Thiess) and RWE Generation SE (RWE).

Corporate

- Key appointments completed to strengthen the project team,
- Project development discussions with strategic investors and financial institutions advancing, underpinned through bipartisan Government support at both State and Federal levels.



Figure 1 CEIP project staff with visitors to the Iron Road stand at the *Eyre Peninsula Field Days* eager to learn about mining.

PROJECTS

Central Eyre Iron Project (CEIP)

The CEIP is located on the Eyre Peninsula, South Australia. The proposed mine site at Warramboe is located 28 kilometres southeast of the regional centre of Wudinna and the proposed port is seven kilometres south of Port Neill at Cape Hardy (Figure 2). The mine and the port are planned to be linked by an infrastructure corridor containing rail, water and power.



Figure 2

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

Project studies undertaken for the DFS incorporate mining and ore processing, as well as rail and concentrate export facilities. The CEIP offers an operating life in excess of 25 years. The defined resource at Warramboe contains continuous and consistent mineralisation over more than six kilometres of strike and is amenable to large scale, open pit extraction methods.

Ore treatment by conventional crushing, milling and magnetic/gravity separation is planned to deliver high quality, coarse grained concentrates, marketed primarily as high quality blending feedstock for sinter plants, which feed the majority of blast furnaces internationally.

Iron Road has acquired 1,100 hectares of land at Cape Hardy for a Capesize-capable port facility as part of its integrated export solution for the CEIP iron concentrates. The port is planned to have an initial capacity of at least 70 million tonnes per annum (Mtpa), with approximately 45Mtpa capacity potentially available to third parties. The DFS includes construction of a heavy haul, standard gauge rail line between the mine and port. The rail system may be expanded to connect with the existing national rail network, extending port access to the greater southern Australia. The proposed port is expected to experience relatively benign weather all year round with no seasonal cyclonic activity to hinder operations.

Definitive Feasibility Study (DFS)

Details of the DFS estimate were released to the ASX early in 2014. For a more detailed account of the study, including the estimate and assumptions made, the reader is referred to the ASX and Media announcement dated 26 February 2014 which is available on both the Iron Road Limited and ASX websites. Since this time optimisation studies have commenced and the life of mine operating cost model and underlying financial parameters have been subjected to independent third party review – see following sections for further details.

A data room has been established to facilitate detailed project review by interested parties and is populated with the DFS estimate as well as explanatory and supporting documentation.

Mineral Resource Drilling

An Exploration Work Approval to undertake a Stage IX gap and infill drilling programme was approved by the Department of State Development (DSD) and drilling commenced at the end of July 2014. A total of 14 NQ2 diamond core holes were drilled for a total of 8,030m. The orebody was successfully intersected in all but one hole that intersected broken ground and was abandoned.

The widest magnetite mineralised intersection was in excess of 300m in the vertical hole IRD513 with 200m in the -60 degree angled hole IRD512. A 180m PQ diamond hole was also drilled to obtain large size fresh ore material for SAG mill testing. The GAP drilling successfully delineated down dip extensions to the Boo-Loo mineralisation. The programme also successfully identified significant mineralisation 1.5km to the east of the current Boo-Loo East inferred mineral resource.

The core samples are currently being assayed with results expected shortly. This data will be used in the re-estimation of the mineral resource, expected to produce an increase in size and an upgrade of resource category for a portion of the existing Inferred Mineral Resource.

Remodelling of the orebody, based on these results, will support the optimised pit shell redesign, based on the in-pit crushing and conveying (IPCC) mining method utilising mobile crushers.

Pre-Mining Contractor Engagement Optimisation

During October 2014, Iron Road engaged the Thiess-RWE Joint Venture (TRWE) to complete the updated detailed mining model, building upon the original detailed work undertaken as part of the CEIP DFS. Experienced TRWE mining personnel have been embedded within Iron Road and bring world class mine planning and mining operations expertise, including extensive involvement in the successful application of in-pit crushing and conveying (IPCC) processes to improve material movement efficiencies.



Figure 3

Example of an IPCC operation. Figure shows shovel tipping ore into mobile crusher, with removal from the open pit by conveyor (Pingshuo coal mine in China).



RWE Generation SE (RWE) is one of Europe's leading lignite miners and power generators. As an international asset developer, owner and operator, RWE is well versed in mining technologies and has 50 years' experience in providing technical expertise and operational know how to mines based on continuous mining equipment, including IPCC. Thiess Pty Ltd (Thiess) is a subsidiary of Leighton Holdings Limited and one of Australia's leading mining services contractors. With 70 years' mining experience, Thiess has a proven capability of integrating delivery of large-scale mine development projects and contract mining services.

The Thiess-RWE Joint Venture combines RWE's world-leading technical and operational expertise in open-cast continuous mining systems with Thiess' proven performance in delivery of large scale mine infrastructure and full-service contract mining.

Continuous Mining Equipment is used successfully around the world to mine bulk commodities, including RWE's own lignite operations in Germany. A key benefit of IPCC is its ability to move large volumes of material very efficiently and at low cost. Semi-mobile IPCC operations, as described in Iron Road's DFS, are used in Boliden's Aitik copper mine in Sweden and Tata Steel's Noamundi magnetite iron ore mine in India. Mobile crushers, being evaluated currently by Iron Road and TRWE, are used at Vale's N4E iron ore mine in Brazil and China Coal's Pingshuo coal mine in China.

Value Engineering & Operational Readiness

In conjunction with the engagement of TRWE for optimisation of the IPCC systems, Iron Road commenced a systematic review of the designs to scale-up planned nameplate production of the CEIP to 24Mtpa and further mature the designs and plan.

In addition to the second bulk concentrate sample being despatched to China for sintering and pelletising test work, a bulk process tails sample was despatched for additional test work centred on its use in the co-deposited waste landform construction. Chemical and mineralogical test work was conducted to identify and provide comprehensive data on potential deleterious elements. The results confirmed the inert characteristics of the process tails stream.

The Iron Road team continues to engage with a broad cross section of industry and supplier representatives (including heavy lift companies, ocean freight providers, equipment suppliers of rolling stock, mining equipment, general equipment supply, engineering providers and contractors) through discussions and industry briefings highlighting the opportunities presented by the CEIP – this included positive dialogue with several power producers concerning energy supply for the CEIP.

During the period the team completed an engineering review of Landowner Impact Management Plans for the infrastructure corridor, safety reviews of the proposed level crossings in the rail system and developed greater activity definition and detail in the Project Schedule.

Iron Ore Marketing

The China Iron & Steel Research Institute (CISRI) Group's New Metallurgy Hi-Tech Group is nearing completion of the evaluation of the latest (1,080 kilogram) bulk concentrate sample. CISRI's preliminary evaluation of the sample, produced from test work finalised during June 2014, indicates similar sintering characteristics to an earlier CEIP bulk concentrate sample determined in March 2013. A final report on the current work is expected during the next quarter.

Despite recent falls in spot iron ore pricing, ongoing discussions with steel industry participants who have expressed interest in concentrate offtake remains very positive and largely focussed around the environmental and operational benefits in securing a reliable long term supply of high quality sinter feedstock for their steel mills.



Project Approvals & Environmental

A referral under the *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act) (Clth) in relation to the CEIP infrastructure was submitted to the Department of the Environment (DoE) in Canberra in late July 2014 and a referral in relation to the proposed mine and beneficiation plant was submitted in late September 2014.

On the 26 August 2014, the DoE declared the infrastructure component of the CEIP a 'Controlled Action' due to the potential impacts from shipping on the *Southern Right Whale* population. As a result, DoE reviewed the State Government's draft Environmental Impact Statement Guidelines and included additional requirements to satisfy the assessment of potential impacts.

Iron Road has also been advised by DoE that this process will be managed under the Bilateral Agreement it has with State Government, meaning that this matter will be both addressed and assessed under the State Government's Environmental Impact Statement Guidelines. This will have the effect of Iron Road only dealing with one government agency (within the South Australian State Government) for Infrastructure approvals rather than unnecessarily duplicating the same work with both State and Federal agencies.

On the 29 October 2014, the DoE advised Iron Road that the mine area components of the CEIP are not a 'Controlled Action'. As a result, environmental approvals for this area are not required from the Federal Government and therefore the State Government will be solely responsible for the assessment of that application and the setting of subsequent conditions.

Iron Road continues to work towards the submission of both the Environmental Impact Statement and Mining Lease applications under the *Development Act 1993* and *Mining Act 1971* (South Australia) respectively, including finalising impact studies, reviewing technical reports, drafting chapters of the applications and having regular meetings with State Government agencies to ensure all requirements and expectations will be met. The Company is also working with community members on outcomes for the proposed mining lease.

Iron Road accepted an offer of a new Exploration Licence from the Department of State Development (DSD) in the Lock area, adjacent to the southern extent of the existing CEIP exploration licence area, for an initial term of two years.

Iron Road commenced negotiations for an Indigenous Land Use Agreement with the Barngarla Aboriginal Corporation (on behalf of the Barngarla Native Title Claimants (SAD 6011/1998)) in relation to potential 'native title land' over the Gulf waters and seabed.

Community & Stakeholder Engagement

Iron Road participated in several Company-sponsored community events during September 2014, including the Wudinna Agricultural Show, Port-to-Port Fun Run (Cape Hardy to Port Neill) and the 2014 Pedal Prix at Murray Bridge. These events were all successful and well supported by both Iron Road staff and local communities. A large contingent of Iron Road staff also manned an IRD/CEIP information booth at the Eyre Peninsula Field Days held in Cleve (see Figure 1, page 1). Running over three days, this event provides an opportunity to meet with a large cross section of the broader Eyre Peninsula community as well as residents close to the project area.

Three CEIP Community Consultative Committee (CCC) meetings were held in Warramboo and a tour of the proposed Cape Hardy port site was undertaken at the request of the Port Neill Community Reference Group. DSD Mining Assessment Team facilitated community information sessions in Warramboo and Tumby Bay to answer questions with respect to the mine approvals process. These sessions were in follow up to presentations that were made last quarter.

The Wudinna District Council hosted a successful community information session on 15 October 2014. Iron Road provided a brief update on the CEIP and sought feedback from the community on potential opportunities the project may present.



Several more general stakeholder meetings were conducted with Business SA, various State Government agencies and the District Councils of Wudinna, Cleve, Kimba and Tumby Bay.

Land Acquisition

Iron Road commenced negotiations with landholders within the area of the proposed CEIP mining lease for the acquisition of the mine land. During the coming months, Iron Road will continue to negotiate, with the intention of entering into option agreements for such land.

Planning commenced for the next stage of engagement with landholders directly affected along the proposed CEIP infrastructure corridor. During the coming months meetings will be held with affected landholders to discuss the potential for option agreements for acquisition of the infrastructure corridor land.

The land at the proposed port is owned by Iron Road. The Company recently entered into farming lease agreements with two parties, who will farm the land until such time as access to the land is required to commence construction of the port.

South Australia – Gawler Iron Project

The Gawler Iron Project (GIP) is located approximately 25km north of the standard gauge Trans-Australian Railway that connects to the Central Australia Railway at Tarcoola.

The GIP hosts mineralisation anticipated to support a small to medium scale magnetite iron ore mining operation with the potential to produce a quality magnetite concentrate using a simple beneficiation process. During the quarter the annual technical report for EL5298 was submitted to DSD via the licensee Challenger Gold Operations Pty Ltd.

CORPORATE

With pre-construction planning and regulatory approval activities well underway as described above, the Company made a number of key permanent appointments. These include Ms Anya Hart (Stakeholder Engagement Manager), Mr Arthur Hunt (Engineering Manager), Mr Rafael Orschulok (Principal Engineer – Electrical) and Mr Brad Hunter (Principal Engineer – Civil).

These key personnel, each of whom has extensive experience in the development and operation of similar projects, will enhance and complement the Company's project team as it progresses with post-DFS activities and advances the CEIP toward a final investment decision.

Discussions with strategic investors are continuing and included recent visits to China, North Asia and also participation in a trade delegation to India, organised on behalf of the South Australian business community by the State Government and led by the Hon. Jay Weatherill MP, Premier of South Australia. The strong support of both State and Federal Governments through the Major Development and Major Project Facilitation status awarded to the CEIP is a key part of this process. The Company has established working forums with relevant Government Departments to promote active dialogue and deliberation on regulatory and stakeholder activities.

The Company has commenced discussions with financial institutions in relation to securing project finance for the proposed CEIP development, which may include the participation of international Export Credit Agencies, supporting the involvement of foreign customers, investors and constructors in the project.

As previously announced to the ASX, the CEIP presents a robust investment case, anticipated to deliver up to 24Mtpa of premium 67% iron concentrate. The importance of such products was confirmed in late August 2014 when China's National Development and Reform Commission announced an acceleration of plans to introduce a carbon trading scheme in China, with the framework expected to be in place by 2016. Such developments are consistent with the Company's long term product marketing strategy and underline the growing importance of high quality, low impurity steel making raw materials to ensure that steel mill operations maximise operating and environmental efficiencies as China embraces a positive climate change strategy within its five year national planning framework.



TENEMENT SCHEDULE

Following is the schedule of Iron Road Limited tenements as at 30 September 2014.

Area of Interest South Australia	Tenement Reference	Interest
Warrambo	EL4849	100%
Lock	EL5496	100%
Mulgathing	EL5298	90% Iron Ore rights

– ENDS –

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

IRON ROAD LIMITED

ABN

51 128 698 108

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000 (3 months)
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(3,479)	(3,479)
(b) development	-	-
(c) production	-	-
(d) administration	(1,089)	(1,089)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	130	130
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other		
GST to be recouped	(114)	(114)
Research and development tax refund	-	-
Net Operating Cash Flows	(4,552)	(4,552)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(18)	(18)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(18)	(18)
1.13 Total operating and investing cash flows (carried forward)	(4,570)	(4,570)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,570)	(4,570)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(4,570)	(4,570)
1.20	Cash at beginning of quarter/year to date	21,338	21,338
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	16,768	16,768

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	230
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and associates were on normal commercial terms.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	5,566
4.2 Development	-
4.3 Production	-
4.4 Administration	1,850
Total	7,416

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,296	3,765
5.2 Deposits at call	12,472	17,573
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	16,768	21,338

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	EL5496	Wholly owned	Nil	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	581,936,904	581,936,904		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	625,000 625,000 625,000 625,000 500,000		<i>Exercise price</i> \$0.1926 \$0.2426 \$0.2926 \$0.3426 \$0.9926	<i>Expiry date</i> 15/12/14 15/12/14 15/12/14 15/12/14 25/07/16
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:


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(Director/Company secretary)

Date: 31 October 2014

Print name: GRAHAM DOUGLAS ANDERSON

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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