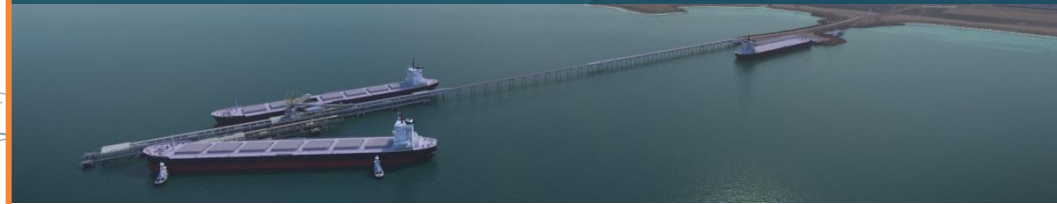




# QUARTERLY ACTIVITIES REPORT

For the period ended 31 December 2017



## About Iron Road

Iron Road Limited is the developer of the Central Eyre Iron Project (CEIP), located on the Eyre Peninsula in South Australia.

The CEIP is a long life proposal, which will produce a high grade, low impurity iron concentrate for export to Asia. The product will attract a quality premium over reference iron ore prices, and is expected to have substantial benefits for steel mill customers in pollution reduction and operating costs.

A definitive feasibility study (DFS) supported by an optimisation study, has credibly demonstrated a highly industry competitive operating cost profile for a mining, beneficiation and infrastructure solution producing +20 million tonnes per annum of premium iron concentrates for export over an initial mine life of 30 years.

Infrastructure Australia has declared the CEIP infrastructure (rail and port) a Priority Project, one of only ten Projects nationwide.

Iron Road has signed MoUs with five leading Chinese steel mills, including Shandong Iron & Steel. An infrastructure funding MoU has also been signed with AIXI Investments.

A strategic co-operation agreement with China Railway Group includes a Project Commercialisation Programme with the aim to finalise a whole-of-project financing solution.

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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## Highlights

- **Agreement on contracting framework and implementation strategies for the Central Eyre Iron Project (CEIP) with project partner China Railway Group (CREC)**
- **Submission of Program for Environment Protection and Rehabilitation (PEPR) to Department of the Premier & Cabinet (DPC) for assessment**
- **Construction Environmental Management Plan (CEMP) for the CEIP infrastructure components circulated to relevant government agencies and others for comment**
- **DPC approval of Iron Road's CEIP Community Engagement Plan**
- **Short term working capital requirements serviced from the receipt of \$1 million in debt finance from major shareholder, The Sentient Group**



Managing Director Andrew Stocks taking questions during the Iron Road Annual General Meeting held in Sydney on 17 November 2017.

# Central Eyre Iron Project (CEIP)

## Project Commercialisation Programme

A workshop with Iron Road and CREC personnel was undertaken in Adelaide to select the most appropriate contracting and implementation strategies for the CEIP. From this workshop, Iron Road has developed the form and content of a proposed construction contract based on Australian Standard AS4300. Various schedules and annexures have been developed and a project delivery model agreed with CREC. The model has subsequently been refined and workshopped in more detail.

Discussions with a number of companies that will be required to assist CREC in the delivery of the Project continue. These discussions are complementary with the delivery model developed together with CREC.

## Project Approvals & Environmental

Following stakeholder engagement activities in respect of the program for environment protection and rehabilitation (PEPR) for Mineral Lease (ML) 6467, the PEPR was submitted to the Department of Premier and Cabinet (DPC) for assessment in December 2017. The PEPR is the second stage of the two stage approval process in South Australia and must be approved prior to mining operations commencing. Timeframes and critical dates will be confirmed with DPC early in 2018.

The construction environmental management plan (CEMP) for the infrastructure components of the CEIP was circulated to relevant government agencies, District Councils and the Country Fire Service for comment in November 2017. All comments received are being considered and appropriate amendments will be made before submitting the final CEMP to the Minister for Planning.

## Community & Stakeholder Engagement

Iron Road's Community Engagement Plan for the CEIP was approved by DPC on 27 October 2017 and is available on the Company's website for viewing or downloading.

The formation of a CEIP Community Development Group (CEIP CDG) progressed with the adoption of a Memorandum of Understanding (MoU) and Terms of Reference by the Wudinna District Council during its November 2017 meeting. The CEIP CDG will comprise representatives from the community, Council and Iron Road and will be a key stakeholder group to discuss matters relating to the CEIP, particularly social and economic benefits that the mine and long term employee village will bring to the region.

Meetings with a range of stakeholders were held during the Quarter, including Wudinna District Council, Tumby Bay District Council, Eyre Peninsula Co-operative Bulk Handling, Regional Development Australia Whyalla and Eyre Peninsula and several landowners.

## Corporate

The Minister for Mineral Resources and Energy announced the formation of a CEIP Task Force on 8 December 2017 as part of the release of the Government's Magnetite Strategy. Iron Road representatives have met with the Task Force and hosted a CEIP site visit for Task Force representatives. Third party and regional benefits and opportunities will be a key topic of study by the group in 2018.

A MoU with Eyre Peninsula Co-operative Bulk Handling was signed in November 2017. The MoU aims to establish a globally competitive grain terminal and export facility at Iron Road's planned Cape Hardy port. The MoU complements the existing partnership with Emerald Grain, a wholly owned subsidiary of Sumitomo, with the parties working together to develop a new grain distribution and supply chain network.

Iron Road's short term working capital requirements were serviced by the receipt of a further \$1 million in debt finance from its major shareholder, The Sentient Group. A total \$3 million loan facility, is due to be repaid by 30 September 2018, attracts a zero rate of interest and does not bear any fees.

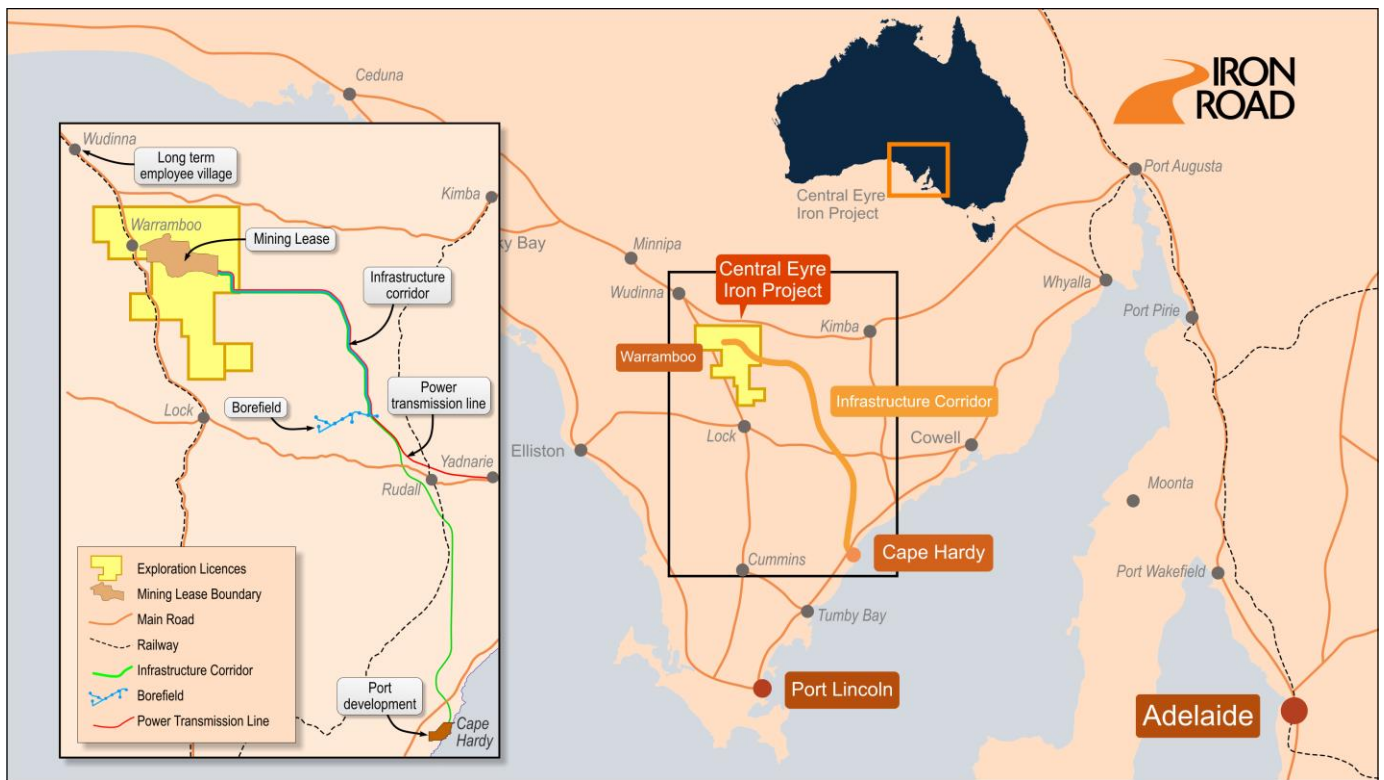
The Iron Road AGM was held in Sydney on the 17 November 2017 with all resolutions carried.

## Tenement Schedule

Following is the schedule of Iron Road Limited tenements as at 31 December 2017.

South Australia	Tenement Reference	Interest
Warrambo	ML6467	100%
Warrambo	EL5934	100%
Lock	EL5496	100%
Mulgathing	EL6012	90% Iron Ore rights
	EL5298	90% Iron Ore rights
	EL5661	90% Iron Ore rights
	EL5720	90% Iron Ore rights
	EL5767	90% Iron Ore rights
	EL5998	81% Iron Ore rights
	EL5732	81% Iron Ore rights

-Ends-



**For further information, please contact:**

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Iron Road Limited

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Iron Road Limited

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**Or visit [www.ironroadlimited.com.au](http://www.ironroadlimited.com.au)**

*This Report contains references to production targets and forecast financial information as announced on 13 October 2015 as "Optimisation Studies Complete at CEIP", updated on 20 April 2016 as "Continuing Cost Reductions at Central Eyre Iron Project", 3 July 2017 as "CEIP Capital Cost Estimate Reduction" and 31 October 2017 as "Mine Review Drives Value Accretion Opportunities at the CEIP". The Company confirms that all material assumptions underpinning the production target and forecast financial information derived from the production target continue to apply and have not materially changed.*

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Iron Road Limited

### ABN

51 128 698 108

### Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(337)	(606)
(b) development	-	-
(c) production	-	-
(d) staff costs	(403)	(755)
(e) administration and corporate costs	(613)	(1,190)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,353)</b>	<b>(2,550)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(2)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(2)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	1,000	2,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,000</b>	<b>2,000</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,153	1,352
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,353)	(2,550)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,000	2,000
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>800</b>	<b>800</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	710	1,063
5.2 Call deposits	90	90
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>800</b>	<b>1,153</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	169
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

N/A

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	57
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	3,000	3,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

A short term working capital facility of \$3 million from major shareholder The Sentient Group was made available during the quarter. The facility due to be repaid by September 2018 attracts a zero interest rate and zero fees.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	275
9.2 Development	-
9.3 Production	-
9.4 Staff costs	396
9.5 Administration and corporate costs	298
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>969</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			



**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  
Company Secretary

Date: 24 January 2018

Print name: Jaroslaw (Jarek) Kopias

**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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.