

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.

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

A definitive feasibility study (DFS) supported by a subsequent optimisation study, confirms the compelling commercial case for a mining, beneficiation and infrastructure solution with production of +20 million tonnes per annum of premium iron concentrates for export over an initial mine life of 30 years.

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

Central Eyre Iron Project (CEIP)

- Mining Lease Proposal and Environmental Impact Statement submitted to the South Australian Government for assessment.
- Deputy Premier Hon. John Rau, Minister for Planning and Treasurer Hon. Tom Koutsantonis, Minister for Mineral Resources and Energy announced public consultation period for CEIP with Iron Road's proposal one of the largest mining and infrastructure projects to be considered by the South Australian Government.
- Three public forums across the Eyre Peninsula attended as part of the South Australian Government managed public consultation process.
- Short-term debt financing of \$2 million received from major shareholder, The Sentient Group, providing financial flexibility into 2016.
- Continued progress with several steel mills and other interested parties with respect to offtake agreements and funding the final commercialisation phase of the CEIP prior to advancing towards final investment decision.



Figure 1.

Iron Road engineering interns examine the CEIP Mining Lease Proposal and Environmental Impact Statement

Central Eyre Iron Project (CEIP)

The CEIP is located on the Eyre Peninsula, South Australia. The proposed mine site at Warrambo 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.

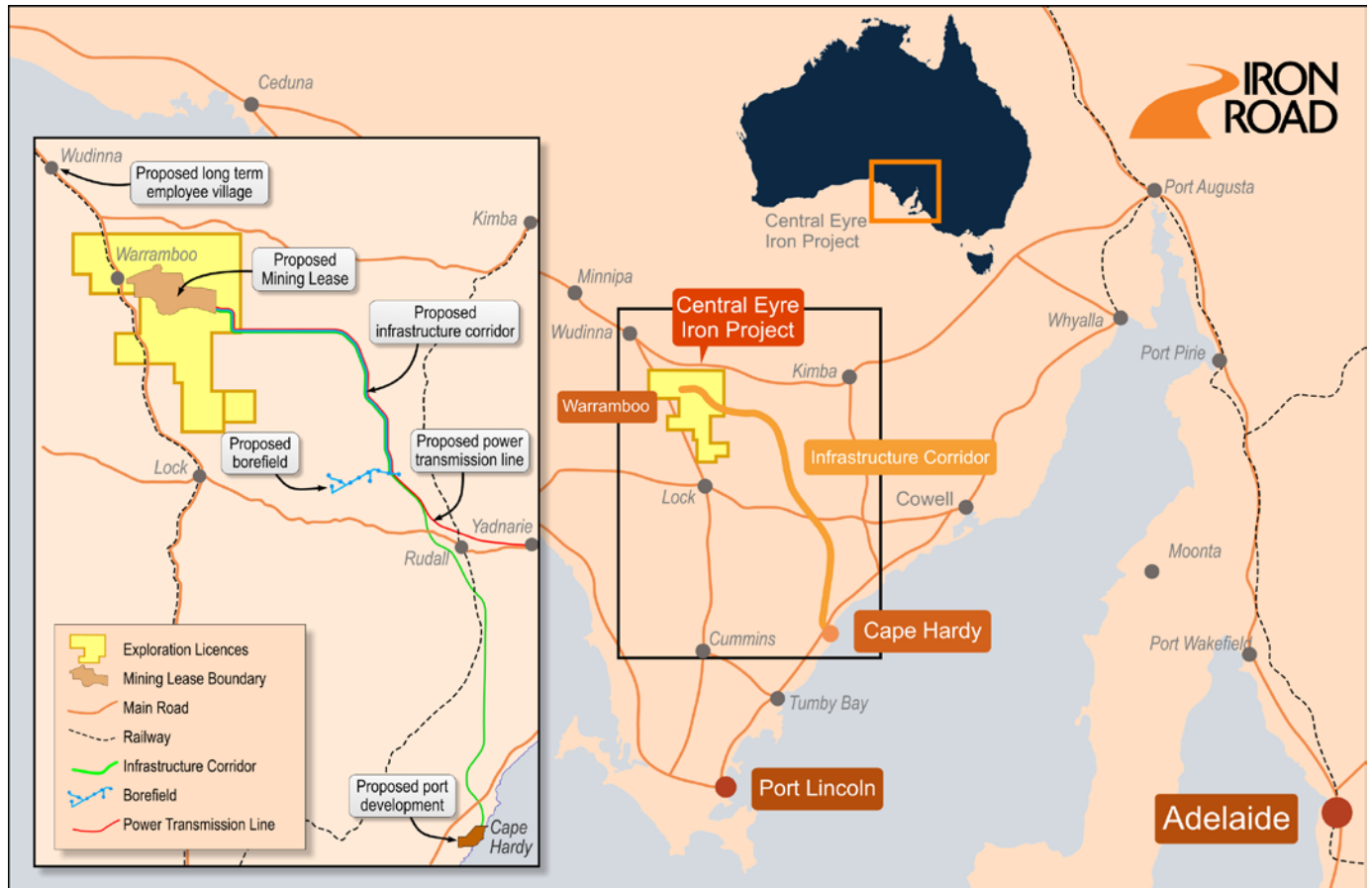


Figure 2. Location of the CEIP, showing proposed mine, infrastructure corridor and port

The CEIP is planned to produce a high quality, low impurity iron concentrate that will serve as a clean, superior blending product for steel mills. Current expected output stands over 20Mtpa of ~67% premium iron concentrate over 25+ years. With a competitive projected operating cost, the iron concentrate is well positioned to actively displace lower quality iron ores as market evolution occurs.

The global CEIP Mineral Resource is 4.5Bt at a grade of 16% iron, with 77% of this resource contained in the Measured and Indicated categories. The Ore Reserve is 2.1Bt at a grade of 15.5% iron. The CEIP has the largest Measured + Indicated magnetite Mineral Resource in Australia and globally ranks amongst the largest known today. Engineering optimisation studies are complete with results released to the market recently.

With its premium iron product, significant scale, expandable rail and port infrastructure as well as supportive State and Federal Governments, the CEIP continues to attract interest from a range of Australian and international construction and operations groups. This interest includes the recent signing of five memoranda of understanding (MoU) with Chinese steel mills.

Project Optimisation & Implementation Plan

An implementation plan is currently being developed for the CEIP. The intent of this plan is to identify early work that may be undertaken, independent of funding as well as the contracting approach to be adopted. Key areas for this work are water treatment and port facilities. This approach is consistent with the early contractor involvement (ECI) strategy proposed for the project. Other areas of continuing work include a review of the project schedule and incorporating information obtained during the optimisation review process.

Two batches of iron concentrate have been prepared using the process flow as described in the optimisation study, treating large batches of diamond drill core samples – 2.7 tonnes and 4.5 tonnes each. Importantly, this work validated the current flowsheet and verified recoveries and product quality assumptions. The samples produced in these trials have been provided to potential customers for evaluation.

Project Approvals & Environmental

On 5 November 2015 Iron Road formally submitted a Mining Lease application over its Mineral Claim 4383 at Warrambo, together with a supporting Mining Lease Proposal (MLP), to the Department of State Development (DSD) pursuant to the *Mining Act, 1971*. On the same day Iron Road lodged its Environmental Impact Statement (EIS) to the Department of Planning, Transport and Infrastructure (DPTI) pursuant to the *Development Act, 1993* in relation to its proposed deep sea port, railway line, power transmission line, borefield and long term employee village.

On 19 November 2015 the State Government announced the commencement of a joint public consultation process for the MLP and EIS, covering a period of 10 weeks and inviting interested parties to provide submissions on those applications by 2 February 2016. A dedicated CEIP consultation website (www.ceipconsultation.sa.gov.au) has been established by DSD and DPTI to assist stakeholders and provides copies of both the EIS and MLP, information on how submissions can be made and contact details for further information. All submissions received during the 10 week consultation period, including those by other Government agencies, will be forwarded to Iron Road by DSD and DPTI for a formal response.

The South Australian Government consultation process included three public forums held across the Eyre Peninsula during December 2015.

Community & Stakeholder Engagement

The company's ongoing engagement with stakeholders included providing project updates to the Port Neill Progress Association and Eyre Peninsula Mining, Oil and Gas Taskforce, and a project overview to the Civil Contractors Federation SA.

Discussions with impacted landowners along the proposed infrastructure corridor continued, but were limited due to the commencement of harvest during October 2015. Meetings will recommence after the public consultation period on the MLP and EIS that ends in early February 2016.

Iron Road again sponsored and participated in the Port to Port Fun Run which was held in October 2015 and comprised 6km and 12km legs originating from Cape Hardy, the site of the company's proposed deep sea port on the eastern Eyre Peninsula, to the Port Neill foreshore.



Figure 3.

Iron Road sponsored the annual Port to Port fun run held from the proposed port at Cape Hardy to the Port Neill foreshore

Iron Ore Marketing

Technical and commercial evaluation of high quality CEIP iron concentrate by Chinese mills under previously announced non-binding Memorandums of Understanding (MoUs) progressed during the Quarter with initial feedback proving very encouraging. Testing at blends of up to 30% CEIP concentrate confirmed the production of a higher quality sinter product with an associated reduction in solid fuel consumption and minimal impact on productivity levels.

This test work also confirmed CEIP concentrate as a very suitable blending material in the production of high quality pellets. These results are generally in line with and confirm the predictions from earlier bulk testing carried out by the China Iron and Steel Research Institute (CISRI) in Beijing.

Discussions regarding potential letters of Intent (Lols) covering the long term supply of CEIP concentrate to the five Chinese mills that entered into MoUs with Iron Road, including the Shandong Iron & Steel Group (ShanSteel) will continue during the coming Quarter.

Corporate

During the Quarter Iron Road received \$2 million in short term debt finance from its major shareholder, The Sentient Group. The funding will be applied to support the ongoing working capital requirements and operations of the Company as Iron Road continues to progress the CEIP. The facility, which is due to be repaid mid-February 2016, attracts a zero rate of interest and does not bear any fees.

Iron Road is evaluating its best option to refinance the short term debt financing facility. With the support of The Sentient Group, Iron Road believes it will be able to extend the maturity date of the facility on the same terms while it continues to work on a corporate transaction expected before the end of the March Quarter.

Tenement Schedule

Following is the schedule of Iron Road Limited tenements as at 31 December 2015.

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

For further information, please contact:

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Appendix

Competent Persons' statements

The information in this report that relates to the Inferred Mineral Resources (Oxide and Transitional) estimated for the Murphy South - Boo Loo/Dolphin prospect is based on and fairly represents information and supporting documentation compiled by Mr Iain MacFarlane, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr MacFarlane at the time of release was an employee of Coffey Mining Limited. There has been no material change and as such this resource is reported as it was released in 2011. Mr MacFarlane had sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he was undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr MacFarlane has consented to the inclusion in reports of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources (Fresh) estimated for the Boo-Loo/Dolphin prospect is based on and fairly represents information and supporting documentation compiled by Ms Heather Pearce, who is a member of the Australasian Institute of Mining and Metallurgy, and a full-time employee of Iron Road Limited. This estimation was peer reviewed by Mr Alex Virisheff, who is a member of the Australasian Institute of Mining and Metallurgy and employed by AMC Consultants. Mr Virisheff has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Virisheff consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Resources estimated in 2013 for the Murphy South/Rob Roy (MSRR) prospect is based on and fairly represents information and supporting documentation compiled by Ms Heather Pearce, who is a member of the Australasian Institute of Mining and Metallurgy, and a full-time employee of Iron Road Limited. This estimation was peer reviewed by Dr Isobel Clark, who is a member of the Australasian Institute of Mining and Metallurgy and who at the time was employed by Xstract Mining Consultants. Dr Clark has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Clark consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Mining Reserves estimated for Murphy South/Rob Roy is based on and fairly represents information and supporting documentation compiled by Mr Harry Warries, a Fellow of the Australasian Institute of Mining and Metallurgy, and an employee of Coffey Mining Limited. Mr Warries has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Warries consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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")

31 December 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000 (6 months)
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(868)	(2,425)
(b) development	-	-
(c) production	-	-
(d) administration	(1,411)	(2,511)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other GST to be recouped	50	148
Net Operating Cash Flows	(2,229)	(4,783)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(47)
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	-	(47)
1.13 Total operating and investing cash flows (carried forward)	(2,229)	(4,830)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,229)	(4,830)
	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	2,000	2,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	(107)	(107)
	Net financing cash flows	1,893	1,893
	Net increase (decrease) in cash held	(336)	(2,937)
1.20	Cash at beginning of quarter/year to date	1,112	3,713
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	776	776

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	203
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	2,000*	1,224
3.2 Credit standby arrangements	Nil	Nil

*Iron Road Limited received \$2M in short term debt finance from its major shareholder, The Sentient Group as announced on 19 November 2015. The finance is free of interest and facility fees.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	642
4.2 Development	-
4.3 Production	-
4.4 Administration	1,046
Total	1,688

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	504	840
5.2 Deposits at call	272	272
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	776	1,112

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	Nil			

+ 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.

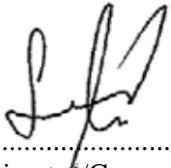
	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	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>	500,000		<i>Exercise price</i> \$0.9926	<i>Expiry date</i> 25/07/16
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Performance Rights Issued under the Company's Long Term Incentive Plan	3,000,000 2,000,000		Nil Nil	23/12/2019 12/01/2020
7.12 Issued during quarter				
7.13 Lapsed during quarter	1,750,000		Nil	12/01/2020
7.14 Debentures <i>(totals only)</i>				
7.15 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:


.....
(Director/Company secretary)

Date: 29 January 2016

Print name: LEONARD MATH

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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+ See chapter 19 for defined terms.