



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.

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.

ASX: IRD

GPO Box 1164
Adelaide SA 5001

T: (08) 8214 4400
F: (08) 8214 4440

admin@ironroadlimited.com.au
www.ironroadlimited.com.au

Highlights

Central Eyre Iron Project

- Iron Road and China Railway Group Limited *Project Commercialisation Programme* accelerated with the view that a credible whole-of-project financing solution could reasonably be finalised by the end of 2017.
- Project Commercialisation Programme Project Management Office established at Iron Road's head office in Adelaide, with collaborative oversight by a Project Steering Committee.
- Response Documents forwarded to the Department of State Development and Department of Planning, Transport and Infrastructure for the Mining Lease Proposal and Environmental Impact Statement respectively.
- Successful capital raising of \$9.56 million comprising an entitlement offer raising proceeds of \$4.76 million and institutional placements of \$4.80 million.
- Iron Road is in a strong and debt free position to take the CEIP to a Final Investment Decision with project development partner China Railway Group.



Mr Cai Zemin of CREC and Mr Larry Ingle of Iron Road discussing the CEIP drilling campaigns at the Company's core processing and storage facilities, Kyancutta

Central Eyre Iron Project (CEIP)

Project Commercialisation Programme

In support of the CEIP development, Iron Road is assembling a consortium of aligned organisations with interests in iron concentrate offtake, mining and mineral processing, electricity supply, rail, port logistics and related activities.

During early April 2016 Iron Road announced the signing of a Strategic Co-operation Agreement with a wholly owned subsidiary of China Railway Group Limited (CREC) – Asia’s largest integrated construction group and currently ranked number one in the Engineering News Records list of the world’s Top 250 Global Construction Companies. CREC’s domestic businesses in China are estimated to account for a 1% share of China’s national GDP.

As part of the agreement, a Project Management Office has been established at Iron Road’s head office in Adelaide, with collaborative oversight by a Project Steering Committee. The Committee has the authority to allocate consultancy services equivalent to \$5 million as part of the Commercialisation Programme’s objective in achieving nine key project deliverables prior to a Final Investment Decision (FID) being reached. Finalising annual iron concentrate product sales agreements with CREC is one of the nine key deliverables which is expected to underpin the servicing of senior debt finance for the CEIP with long-term tenor (15+ years). Pending a positive FID, CREC anticipate making a direct investment of up to 15% of the total equity for the Project in its own right and subscribing to 10Mtpa of iron concentrate sales.

Mr Cai Zemin, Managing Director of China Railway Oriental International Construction Corporation (CROICC) and responsible for CREC’s international business, visited South Australia. The visit included meetings with senior South Australian government officials, including the Premier and Treasurer, and a review of the Project Commercialisation Programme at Iron Road’s head office in Adelaide.

A field visit to the Eyre Peninsula allowed for a first-hand view of the CEIP (including rail, power, water) and the opportunity to meet with several stakeholder groups. At the Iron Road core processing and storage facility at Kyancutta, CREC gained access to more than 550 diamond drill holes and over 150,000m of drill core, including geological, geotechnical and assay data. These drill cores collectively define, with a high level of confidence, the large magnetite orebody identified at Warrambo. Access to these drill cores further enhanced and gave added confidence to CREC’s understanding of the scale, uniformity and coarse-grained nature of the orebody.

The favourable metallurgical properties and ease of beneficiation of the CEIP ore clearly differentiate CEIP ore from the much harder and fine-grained banded iron formation (BIF) deposits typical in Western Australia. These properties, combined with inadequate project studies during the sector boom, has resulted in high-profile magnetite operations experiencing sustained difficulties, with inefficient mining and underperformance associated with problematic, high-cost processing activities.

CREC reiterated its view that together with a competitive operating cost structure, the Eyre Peninsula of South Australia is the preferred development location for a large scale, long life, high-grade iron concentrate development as opposed to competing locations in Western Australia, Eastern Canada and West Africa.

Furthermore, a lack of suitable, existing regional infrastructure was identified as the main driver to establish modern and efficient rail and port infrastructure businesses that would also directly benefit third parties. CREC also share the longer term vision to open up additional export and import opportunities through broader access of the Company's greenfield infrastructure to the National rail network.

Following the week's activities, CREC expressed its view that the 12-month Project Commercialisation Programme should be accelerated and that a credible whole-of-project financing solution could reasonably be finalised by the end of 2017. Under this timeframe, first shipments of CEIP iron concentrate could be expected by the end of 2020.

Prior to the South Australia site visit, CREC also held meetings with Federal Government and Shadow Ministers to discuss broader future infrastructure development opportunities within Australia as well as meeting with Iron Road's major shareholder, The Sentient Group.

Project Approvals & Environmental

During the Quarter Iron Road completed a comprehensive review of all submissions received concerning the Mining Lease Proposal (MLP) and Environmental Impact Statement (EIS) during the public consultation period. Two Response Documents addressing queries and providing further information have been forwarded to the Department of State Development (DSD) and Department of Planning, Transport and Infrastructure (DPTI) for the MLP and EIS respectively. DSD and DPTI will review the Response Documents for adequacy and, once accepted for formal assessment, will publish them on the dedicated CEIP website www.ceipconsultation.sa.gov.au.

The Indigenous Land Use Agreement (ILUA) between Iron Road, the Barnjarla Aboriginal Corporation, SA Native Title Services and the Attorney General was submitted to the National Native Title Tribunal for assessment during the Quarter. Registration of the ILUA is expected during Q4 this year.

Community & Stakeholder Engagement

Due to the Government assessment process, stakeholder activities focussed on discussions with various non-government groups including local Councils, the City of Port Lincoln, Regional Development Australia Whyalla and Eyre Peninsula, Investment Attraction SA, the Member for Grey, and the local Member for Flinders.

The Company attended various grain producer events such as the Australian Bureau of Agriculture and Resource Economics and Sciences Conference in Port Lincoln, met with Free Eyre and attended Grain Producers SA meetings across the Eyre Peninsula.

Corporate

On 16 June 2016, the Company announced a capital raising programme to be conducted at an offer price of \$0.10/share, consisting of:

- A non-renounceable 1 for 9 entitlement offer of new shares;
- An institutional placement of \$1.05 million; and
- An institutional placement of \$3.75 million to Iron Road's largest shareholder, Sentient Global Resources Fund IV, LP, subject to shareholder approval.

The entitlement offer closed, post Quarter end, with gross proceeds of \$4.76 million, exceeding minimum expectations of \$4.43 million. Retail shareholder demand for additional new shares (beyond respective entitlements) through the shortfall facility was strong, reflected in the requirement to scale back the shortfall shares allocation to comply with a 50% shortfall cap stipulated in the entitlement offer. Related parties of Iron Road were not entitled to submit applications for shares under the shortfall facility and were permitted to take up entitlement shares only.

The Sentient Placement was approved by Iron Road shareholders at an extraordinary general meeting held on 25 July 2016.

Together with the cumulative \$4.80 million raised from the institutional placements, total gross proceeds from the capital raising of \$9.56 million (before costs) now place Iron Road in a strong and debt free position to take the CEIP to a Final Investment Decision with project development partner CREC. The funds raised provide for environmental and engineering studies required to obtain governmental approvals for the CEIP, iron ore marketing and related activities to finalise offtake arrangements and also to support due diligence work with other potential project equity partners. Proceeds will also be directed toward continued stakeholder engagement activities, fully repaying the \$4 million Short Term Debt Facility with Sentient Global Resources Fund IV, L.P. and for general corporate purposes through to June 2017.

Iron Road and Emerald Grain continue to build and strengthen the opportunity as partners in delivering a grain handling facility at the proposed Cape Hardy port. The Managing Directors of both Iron Road and Emerald Grain presented to the South Australian Country Cabinet at Parliament House.

The Company advises that 500,000 Unlisted Options exercisable at \$0.9926 expiring 25 July 2016 have lapsed

Tenement Schedule

Following is the schedule of Iron Road Limited tenements as at 30 June 2016.

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

For further information, please contact:

Andrew Stocks, Managing Director
 Iron Road Limited
 Tel: +61 8 8214 4400
 Email: admin@ironroadlimited.com.au

Shane Murphy
 FTI Consulting
 Tel: +61 8 9485 8888
 Email: shane.murphy@fticonsulting.com

Or visit www.ironroadlimited.com.au

