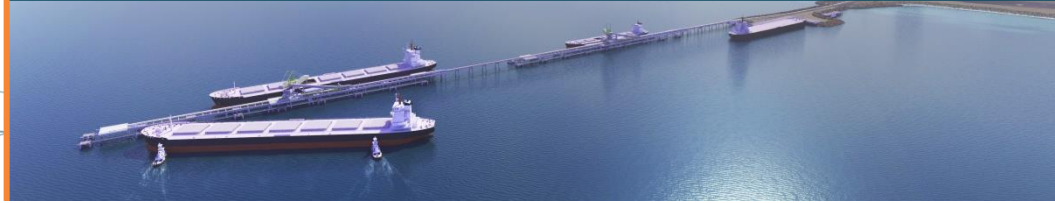




ASX ANNOUNCEMENT

Iron Road Limited (Iron Road, ASX:IRD)



CAPE HARDY STAGE I PORT DEVELOPMENT UPDATE

Establishing a competitive alternative for Eyre Peninsula grain growers

HIGHLIGHTS

- Cape Hardy Stage I port development, to initially service grain exports, currently under active discussion with the State government.
- Regional growth opportunity based on detailed analysis commissioned by Eyre Peninsula Co-Operative Bulk Handling (EPCBH), principally funded by *Farming Together* (a Federal farm co-operatives and collaboration pilot program).
- Stage I port capital cost estimate of \$167 million, based on CEIP port design by Jacobs (formerly SKM) and supplementary work by BESIX / Watpac and BAM International, aided by an industry cost comparison analysis.
- Continued collaboration between EPCBH and Iron Road converting Cape Hardy freight advantaged benefits into firm export pathway with Free on Board (FOB) charges that will assist Eyre Peninsula growers sustain global competitiveness.
- Strong local community backing in addition to support by member councils of the Eyre Peninsula Local Government Association (EPLGA).
- Registered Indigenous Land Use Agreement (ILUA) with the Barngarla Traditional Owners.
- Federal Environmental Protection and Biodiversity Conservation Act 1999 (EPBC) approval and listed as a priority project by Infrastructure Australia since 2016.
- Cape Hardy ideally suited as a multi-user and multi-commodity port. Beyond grain accumulation and export, the 1,100 hectare site will ultimately accommodate the export of mineral concentrates, import of high-value cargoes and a manufacturing precinct with demonstrated appeal for long-term green hydrogen production and export potential.
- Cape Hardy Stage I financing plan and delivery model to be released within December quarter.

Cape Hardy Port Development

Iron Road Limited (Iron Road or Company, ASX: IRD) is pleased to announce continued progress relating to the Stage I Cape Hardy port development. Cape Hardy forms an integral part of Iron Road's 100% owned Central Eyre Iron Project (CEIP) in South Australia.

The proposed Cape Hardy Deep Sea Port and Associated Infrastructure major development, as part of the wider Central Eyre Iron Project (CEIP), was authorised and granted by the South Australian Governor on 3 May 2017. More recently the Hon Stephan Knoll MP, Minister for Transport, Infrastructure and Local Government and Minister for Planning, as delegate of the Governor, granted a two year extension for construction commencement (and completion dates) expected by the initial development authorisation.



Figure 1 – Stage I development at Cape Hardy envisages a jetty and wharf structure suitable for Panamax-class vessels and includes a tug jetty and causeway.

EPBC approval was granted by the Federal Government Department of Environment and Energy on 9 March 2018.

Iron Road is discussing the Stage I port development with the State government. The port proposal has strong local community backing and is supported by member councils of the EPLGA as the preferred site for a grain export port on the Eyre Peninsula.

Staged Development

Port development at Cape Hardy is planned to occur over several stages. Stage I marine facilities will include a jetty and wharf structure suitable for Panamax-class vessels (minimum 15m depth), a tug jetty and causeway, ship loader and various conveyors. Land side facilities will include conveyors and both horizontal and vertical grain storage.

The marine component of the development is designed in such a way that an upgrade to a larger Cape-class capable bulk commodity port, together with a module offloading facility, will be straightforward. This Stage II broadly involves a lengthening of the jetty structure, construction of a Cape-class wharf (two berths, minimum 21m depth) and installation of a ship loader and associated conveyors. On completion the port will be the only deep water bulk commodity port in South Australia and will not require any dredging.

A subsequent rail connection (Stage III), linking the port to the national rail network, will significantly increase the port catchment area well beyond the local region.

Capital Cost

The proposed Stage I marine facilities are based on the CEIP design and capital costing by Jacobs, for the load out of bulk minerals. To facilitate the ultimate objective of expanding to the bulk load out facility as originally envisaged, the facilities design has been modified with future expansion in mind.

The modification concepts for Stage I were undertaken by Iron Road with input from BESIX / Watpac and BAM International, two internationally recognised constructors of complex marine facilities. The final design modifications and capital cost estimate for Stage I were reviewed and confirmed in concept by a well-regarded group in Australia for marine design and construction.

The capital cost estimate for the marine and landside works is summarised in the table below.

Table 1 – Cape Hardy Stage I capital cost estimate.

Port Capital Cost Estimate- Marine	AUS\$ Million	Comment
Marine Works		
Jetty/Wharf Structure	68.6	Causeway, access jetty, wharf
Marine Preliminaries	13.2	Engineering and preliminaries
Marine Sub-total	81.8	
Landside Works		
Preliminaries and civils	13.7	Design and civil works
Land-based Grain Handling	58.7	Silos, bunkering receivals and loading
Ship Loader	12.9	Ship loader and conveyors
Landside Sub-Total	85.3	
Total	167.1	Stage 1 port and grain infrastructure

Background

Multi-commodity Industrial Port Precinct

Iron Road is 100% owner of the 1,100 hectares gulf front Cape Hardy site, set back a short distance from the Lincoln Highway, within a natural amphitheatre. The site was chosen by Iron Road following an extensive, regional review led by Jacobs. The area is well connected by an established road network and other utilities. The large landholding, similar in size to other large established bulk commodity ports around Australia, will allow for the development of several other complementary industries and the establishment of local offices and facilities for various service providers.

Iron Road has received over 50 formal expressions of interest from various parties relating to Cape Hardy. The port, once fully developed, will be well placed for the import of low-volume, high value cargoes such as fertiliser, cement, feed for the aquaculture industry, agricultural machinery / components as well as the export of grain, hay, mineral concentrates (such as iron ore, copper, graphite, mineral sands, kaolin) and small quantities of various containerised cargoes.

Existing and emerging industries such as green manufacturing and the production and export of hydrogen and ammonia are longer term propositions actively being discussed and investigated. The production of hydrogen and ammonia may allow for local power generation and fertiliser / explosives production. Preparations are also underway to link the port precinct to the new light industrial park under development in Tumby Bay.

Locality and Catchment

Cape Hardy has been recognised as the optimal location on the Eyre Peninsula for the efficient accumulation and export of grain since the 1930's. The central coastal location means that a majority of Eyre Peninsula growers will be freight advantaged in comparison to the existing export terminals at Port Lincoln and Thevenard. This advantage is illustrated below in Figure 2.

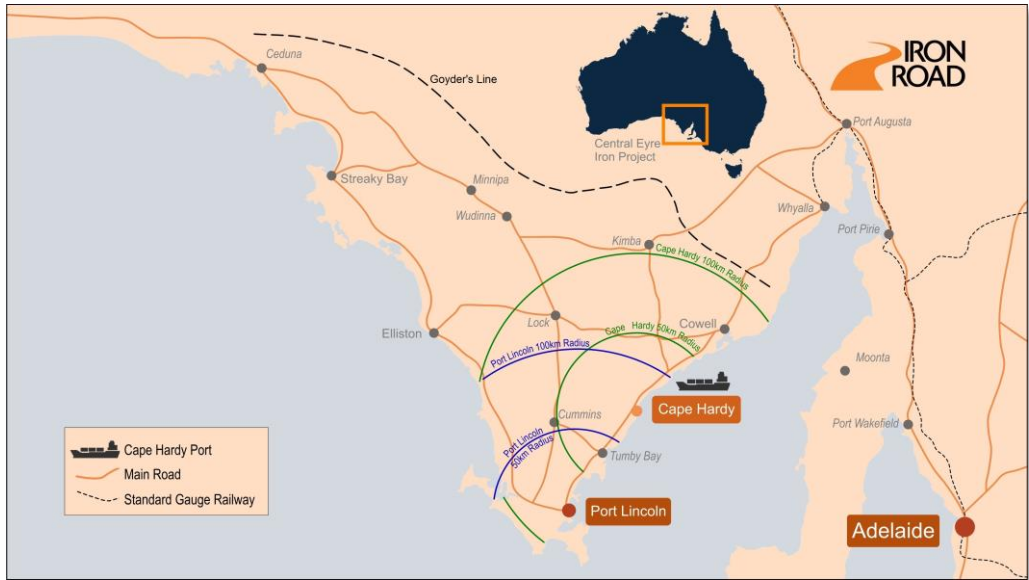


Figure 2 – Cape Hardy and Port Lincoln 50km and 100km catchment radii illustrating the excellent geographical position of Cape Hardy.

Eyre Peninsula Grain Market

The Eyre Peninsula is a key high quality grain growing region with an average production of 2.6 million tonnes per annum. Grain is exported, predominantly to Asian and Middle Eastern markets. Currently almost all production is exported through two export terminals, Port Lincoln and Thevenard. A lack of domestic market demand results in a comparative lack of grain buying competition. A lack of competition has resulted in lower grain prices and therefore lower returns to Eyre Peninsula growers in comparison to other areas of Australia. Based on estimates by independent experts, between 1.3 - 1.7 million tonnes of grain production in an average year may be significantly freight cost advantaged, from farm gate to Cape Hardy, as compared to the existing export routes.

A grain terminal at Cape Hardy is expected to benefit Eyre Peninsula growers and the region through lower supply chain and freight costs and developing a market environment that increases grain prices to growers. Eyre Peninsula grain realises prices that on average are lower than Western Australia, with supply chain fees significantly higher.

The Australian Export Grains Innovation Centre (AEGIC), in an October 2018 report entitled *Australia's grain supply chains - Costs, risks and opportunities*, compared grain freight rates between CBH (Western Australia) and Viterra (South Australia). For many locations of equivalent distance from port, rates in SA are higher than in WA and increase to a greater degree with distance for SA growers than for WA growers (Figure 3). Cape Hardy will reduce the required freight haul for grain growers and is geographically ideally positioned to take advantage of direct farm to port delivery, the most efficient supply chain model possible.

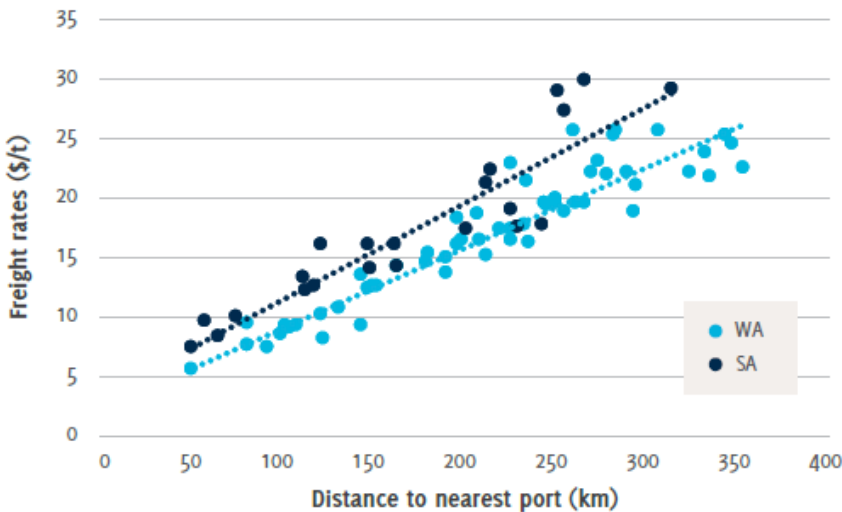


Figure 3 – Graph from AEGIC (2018) report illustrating the relationship between CBH freight rates at primary receival sites published by CBH in 2017-18 or export select rates published by Viterra in 2017-18 for their top 22 receival sites and the distance to the closest port in Western Australia or South Australia.

In the same report, a key finding by AEGIC (2018) was that coordinated long-term planning for high-capacity freight corridors, to avoid conflict with urban development, will be an important ongoing requirement to continue to progress and capture the benefits of improved efficiency of grain road freight. Cape Hardy is ideally placed to meet this requirement and will additionally significantly reduce the increasing number of trucks now compelled to travel through Port Lincoln to deliver grain, as a consequence of recent rail closures on the Eyre Peninsula.

Infrastructure Australia

The CEIP infrastructure (rail and port) is classified as a Priority Project by Infrastructure Australia (IA), a statutory authority of the Australian Government. IA has responsibility to evaluate infrastructure proposals and develop the Infrastructure Priority List. This is a rigorous prioritisation process, ensuring the Infrastructure Priority List is a credible pipeline of qualified potential infrastructure solutions.

The categorisation of the CEIP infrastructure as a Project reflects that a full business case has been positively assessed by the IA Board. It is the only South Australian Project categorised by IA as an Opportunity for Growth and one of only four Projects nationwide included in this category.

Native Title

An Indigenous Land Use Agreement (ILUA) between Iron Road, the Barngarla Aboriginal Corporation, the Attorney General and SA Native Title Services Ltd, was registered by the National Native Title Tribunal in December 2016. Both Iron Road and EPCBH work closely with indigenous businesses that are keen to be involved with the Cape Hardy port precinct.

Cape Hardy Timeline

- **1930s and 1950-60s**
Cape Hardy identified and promoted as an ideal locality for a deep water port for the export of grain from the Eyre Peninsula.
- **1969**
The Government of South Australia announces that a 'Super Port' is to be built at Port Lincoln.
- **August 2008**
Iron Road commences field work near Warrambo, within Wudinna District Council.
- **2013**
Iron Road acquires 1,100ha gulf front land at Cape Hardy, within the District Council of Tumby Bay.
- **October 2015**
An in-depth analysis by the South Australian Resource Infrastructure Taskforce (RIT) for developing a high-capacity, multi-user port in the Spencer Gulf identified three preferred options, including a new port at Cape Hardy on the Eyre Peninsula, to collectively support exports of iron ore and other commodities.
- **September 2016**
Infrastructure Australia declares the CEIP infrastructure components, including the Cape Hardy port, a Priority Project for the nation.
- **December 2016**
Registration of Barngarla / CEIP Indigenous Land Use Agreement (ILUA) with National Native Title Tribunal.

- **May 2017**
South Australian Governor grants development authorisation for the CEIP. The authorisation encompasses the Cape Hardy Deep Sea Port and associated infrastructure.
- **August 2017**
EPCBH registered as a grower-owned co-operative of Eyre Peninsula farmers.
- **2017**
Regional Development Australia Whyalla and Eyre Peninsula (RDAWEP) manage Cape Hardy expressions of interest process on behalf of Iron Road.
- **March 2018**
Federal Government EPBC approval granted for Cape Hardy.
- **March 2018**
MOU signed between Iron Road and EPCBH to collaborate on the construction of a competitive grain collection and export pathway, providing farmers with greater choice and control.
- **February 2019**
Member councils of the EPLGA express their formal support for Cape Hardy as a priority location for a multi-commodity deep water port.
- **May 2019**
Genesee & Wyoming cease all cartage of grain on the Eyre Peninsula rail network with a dramatic increase in road train traffic expected, particularly through Port Lincoln.
- **July 2019**
The South Australian Minister for Transport, Infrastructure and Local Government and Minister for Planning, grants a two year extension for construction commencement and completion required by the Governor's development authorisation of 3 May 2017.
- **October 2019**
Discussions regarding the staged approach to the Cape Hardy port in progress with the Government of South Australia.

- ENDS -

For further information,
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