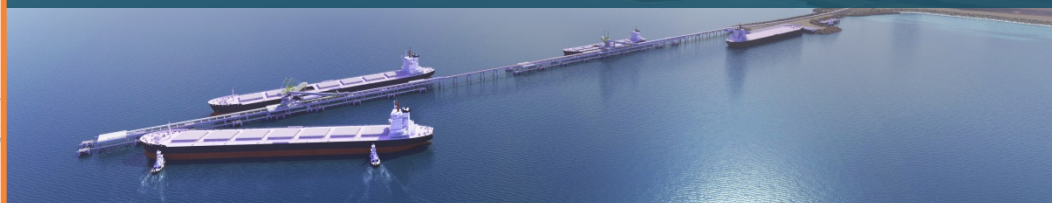





# QUARTERLY ACTIVITIES REPORT

For the period ended 31 December 2019




## Highlights

- The Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development announced on 15 December 2019 that \$25 million will be provided by the Federal Government to support the Cape Hardy port precinct in order to enhance regional economic growth benefits in the Eyre Peninsula that will arise from more efficient supply-chain and export infrastructure.
- Cape Hardy Stage I port development update released 31 October 2019 indicating a capital cost estimate of \$167 million for marine and landside facilities.
- Stage I port capex estimate based on definitive CEIP feasibility study port design, further supported by supplementary 2019 vendor estimates and industry cost comparison analysis.
- Iron Road, in collaboration with Eyre Peninsula Cooperative Bulk Handling (EPCBH), continues to advance Cape Hardy Stage I financing plan and delivery model - several potential strategic investors and debt finance providers engaged following announcement of Federal government funding support.
- During November 2019 the Company's General Manager, Mr Larry Ingle succeeded Mr Andrew Stocks as Iron Road's Chief Executive Officer.




**The Hon Michael McCormack MP**  
Deputy Prime Minister  
Minister for Infrastructure, Transport and Regional Development



Biography Media releases Interviews Speeches Opinion pieces Contact

[Home](#) > [The Hon Michael McCormack MP](#) > [Media releases](#) > \$25 million to support Cape Hardy Port Precinct

## \$25 million to support Cape Hardy Port Precinct



The Federal Liberal and Nationals Government will provide \$25 million to support the Cape Hardy Port Precinct in South Australia's Eyre Peninsula.

Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development Michael McCormack said the investment would support a multi-commodity deep-water port at Cape Hardy.

"This proposal will bring together agriculture, mining, green manufacturing and indigenous business into a multi-user, multi-commodity manufacturing and export hub in South Australia," Mr McCormack said.

**MEDIA RELEASE**  
Sunday 15 December 2019

**JOINT RELEASE WITH**  
**Rowan Ramsey MP**  
Federal Member for Grey

Extract of 15 December 2019 media release by the Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development (full media release and MYEFO 2019-20 extract attached).

# Central Eyre Iron Project (CEIP)

## Project Commercialisation

The Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development announced on 15 December 2019 that \$25 million will be provided to support the Cape Hardy port precinct in South Australia's Eyre Peninsula. The Federal Government's Mid-Year Economic and Fiscal Outlook 2019-20 has allocated \$5 million and \$20 million of support respectively in fiscal years 2019-20 and 2020-21.

Iron Road continued to work with EPCBH to advance plans to export grains from the freight advantaged Cape Hardy port site. The Stage I port capital cost estimate of \$167 million is 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. Cape Hardy is 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.

The Cape Hardy Stage I financing plan, delivery model and structure for an initial grains export facility is being progressed and the Company is in discussions with several strategic investors and other interested parties. This includes potential investors on the wider CEIP development, particularly regarding the reduced production option<sup>1</sup> of a well understood coarse-grained magnetite development.

On 4 December 2019 Quantum Graphite Limited (QGL) entered into a Memorandum of Understanding (MOU) with Iron Road in connection with the Company's interest in the utilisation of the proposed Cape Hardy port facility as a logistics solution for the export of its natural flake graphite production from its Uley 2 mine, located near Port Lincoln. Quantum Graphite will work with Iron Road to develop a working proposal that meets its immediate requirements of low cost, efficient, direct access to Port Adelaide Outer Harbour.

## Community & Stakeholder Engagement

Meetings with various stakeholders included EPCBH, Regional Development Australia (Whyalla and Eyre Peninsula), Wudinna District Council, District Council of Tumby Bay, Barngarla Traditional Owners, local community groups and landholders as well as various Ministers, local members and Federal and State Government agency representatives.

## Corporate

The Iron Road Annual General Meeting (AGM) was held on 22 November 2019 with all resolutions passed. The Company advised that the Stage I port development at Cape Hardy is being aggressively pursued with financial close and construction commencement anticipated during 2020.

At the 2019 AGM, long serving Managing Director, Mr Andrew Stocks, who co-founded Iron Road in 2007, resigned to pursue other business interests that will permit him to spend more time with his family.

The Company's General Manager, Mr Larry Ingle succeeded Mr Andrew Stocks as Iron Road's Chief Executive Officer and Non-Executive director Mr Glen Chipman took on the role of Executive Director - Commercial. Mr Arthur Hunt, formally Engineering Manager - CEIP, was appointed to General Manager - Projects.

Iron Road has a cash balance of \$799k at 31 December 2019 and is forecasting expenditure of \$545k in the upcoming quarter. The Company's expenditure was higher than forecast during the December quarter as a result of Mr Stocks resignation and associated payment of accrued entitlements.

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<sup>1</sup> Refer to ASX announcement *Revised CEIP Development Strategy*, dated 25 February 2019, for more detail

The Company proposes to take steps to raise further cash to fund its operations, either through further funding support from its major shareholder - the Sentient Global Resources Fund IV, L.P (Sentient) – and/or via a placement to potential strategic Cape Hardy Stage I investors. Iron Road is working with a number of parties to assess further opportunities for fundraising to progress the Cape Hardy Stage I Port Development.

Iron Road expects to be able to continue its operations and to meet its business objectives following fundraising activities as detailed above. In the event that funding support is not sufficient to meet planned expenditures, Iron Road will reduce corporate spend activities as required.

## Tenement Schedule

Following is the schedule of Iron Road Limited tenements as at 31 December 2019.

| South Australia | Tenement Reference                             | Interest   |
|-----------------|--|--|
| Warrambo        | ML6467   | 100%   |
| Warrambo        | EL5934   | 100%   |
| Lock            | EL6425 (previously EL5496)                     | 100%   |
| Mulgathing      | EL6012<br>EL5298<br>EL5661<br>EL5720<br>EL5767 | 100% interest in iron ore rights   |
| Mulgathing      | EL5998<br>EL5732                               | 90% interest in iron ore rights<br>Previously reported as 100%<br>Increase in iron ore rights on these tenements was from 81% to 90% |

Iron Road confirms that all material assumptions underpinning the production target and forecast financial information derived from the production target announced as “Revised CEIP Development strategy” on 25 February 2019 continue to apply and have not materially changed.

**-Ends-**

**Authorised for release by the board of Iron Road Limited**

**For further information, please contact:**

Larry Ingle, Chief Executive Officer  
Iron Road Limited  
Tel: +61 8 8214 4400

Jarek Kopias, Company Secretary  
Iron Road Limited

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

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**[admin@ironroadlimited.com.au](mailto:admin@ironroadlimited.com.au)**  
**[www.ironroadlimited.com.au](http://www.ironroadlimited.com.au)**



## \$25 million to support Cape Hardy Port Precinct



The Federal Liberal and Nationals Government will provide \$25 million to support the Cape Hardy Port Precinct in South Australia's Eyre Peninsula.

Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development Michael McCormack said the investment would support a multi-commodity deep-water port at Cape Hardy.

"This proposal will bring together agriculture, mining, green manufacturing and indigenous business into a multi-user, multi-commodity manufacturing and export hub in South Australia," Mr McCormack said.

"Right across South Australia and the nation, we are investing in the critical infrastructure needed to connect our world-class food, fibre and commodities to export infrastructure – for instance our \$25.6 million commitment to upgrade key freight roads across the lower Eyre Peninsula under the Roads of Strategic Importance program."

Federal Member for Grey Rowan Ramsey said proponents of renewable hydrogen, graphite, grains, hay and iron industry had all been pressing for support to develop a multi-commodity port and the Cape Hardy commitment should help the proponents secure the rest of the funding they need from other interested parties to make this project a reality.

"If we are to realise our true potential we need to ensure we have the right infrastructure in place for other projects," Mr Ramsey said.

"It has long been my view that a "Cape Class" capable deep sea port in South Australia on the Eyre Peninsula is needed and once established link it to the national rail grid at either Lincoln Gap or Whyalla, thus providing port access for billions of tonnes of iron projects in the state's north which at this stage have no viable path to market.

"The Government also recently committed up to \$40 million in funding through the Australian Renewable Energy Agency towards the development of pumped hydro in South Australia.

"The kind of investment in supporting infrastructure we are announcing today is critical to maximising the benefits of these future growth industries to create more jobs and investment in regional South Australia."

Infrastructure Australia – the Government's independent investment adviser – has identified investment in Eyre Peninsula freight capacity as a priority project. More information is available at [www.infrastructureaustralia.gov.au/map/eyre-infrastructure-project-iron-road](http://www.infrastructureaustralia.gov.au/map/eyre-infrastructure-project-iron-road).

MEDIA RELEASE  
Sunday 15 December 2019

JOINT RELEASE WITH  
**Rowan Ramsey MP**  
Federal Member for Grey

# Mid-Year Economic and Fiscal Outlook 2019-20

DECEMBER 2019

Statement by

The Honourable Josh Frydenberg MP  
Treasurer of the Commonwealth of Australia

and

Senator the Honourable Mathias Cormann  
Minister for Finance of the Commonwealth of Australia

For the information of honourable members

*Appendix A: Policy decisions taken since the 2019 PEFO***South Australia — Iron Road**

| Expense (\$m)  | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--|---------|---------|---------|---------|---------|
| Department of the Treasury   | -       | 5.0     | 20.0    | -       | -       |
| Department of Infrastructure,<br>Transport, Cities and Regional<br>Development | -       | -       | -       | -       | -       |
| <b>Total — Expense</b>   | -       | 5.0     | 20.0    | -       | -       |

The Government will provide \$25.0 million to support the Cape Hardy Port Precinct, which includes a multi-commodity deep water port at Cape Hardy, which brings together agriculture, mining, green manufacturing and indigenous business into a multi-user, multi-commodity manufacturing and export hub in South Australia.

## 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 2019

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                            |                                       |
| 1.1 Receipts from customers                               |                            |                                       |
| 1.2 Payments for  |                            |                                       |
| (a) exploration & evaluation                              | (194)                      | (376)                                 |
| (b) development   | -                          | -                                     |
| (c) production  | -                          | -                                     |
| (d) staff costs   | (374)                      | (572)                                 |
| (e) administration and corporate costs                    | (201)                      | (386)                                 |
| 1.3 Dividends received (see note 3)                       | -                          | -                                     |
| 1.4 Interest received                                     | -                          | -                                     |
| 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>(769)</b>               | <b>(1,334)</b>                        |

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

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

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$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>-</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  | 900        | 1,400        |
| 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>900</b> | <b>1,400</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                             | 668        | 733        |
| 4.2        | Net cash from / (used in) operating activities (item 1.9 above)              | (769)      | (1,334)    |
| 4.3        | Net cash from / (used in) investing activities (item 2.6 above)              | -          | -          |
| 4.4        | Net cash from / (used in) financing activities (item 3.10 above)             | 900        | 1,400      |
| 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>799</b> | <b>799</b> |



| 5. <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Bank balances  | 754                        | 623                         |
| 5.2 Call deposits  | 45                         | 45                          |
| 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>799</b>                 | <b>668</b>                  |

| 6. <b>Payments to directors of the entity and their associates</b>                                       | Current quarter<br>\$A'000 |
|--|----------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2                                   | 245                        |
| 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<br>\$A'000 |
|--|----------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2                                   | -                          |
| 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

| 8. <b>Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | Total facility amount<br>at quarter end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|--|--|---|
| 8.1 Loan facilities  | 7,400  | 7,400                                     |
| 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. |  |   |

The current loan facility in 8.1 is an unsecured loan from the Company's major shareholder, the Sentient Global Resources Fund IV, L.P (Sentient). It attracts nil interest and matures on 30 September 2020.

| 9. <b>Estimated cash outflows for next quarter</b> | \$A'000    |
|--|------------|
| 9.1 Exploration and evaluation                     | 175        |
| 9.2 Development                                    | -          |
| 9.3 Production                                     | -          |
| 9.4 Staff costs                                    | 280        |
| 9.5 Administration and corporate costs             | 90         |
| 9.6 Other (provide details if material)            | -          |
| <b>9.7 Total estimated cash outflows</b>           | <b>545</b> |

| 10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>                            | Tenement reference and location               | Nature of interest   | Interest at beginning of quarter | Interest at end of quarter |
|--|---|--|----------------------------------|----------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | EL5496  | Beneficially held  | 100%                             | 0%                         |
|  | EL6425<br>Lock in<br>South<br>Australia       | Beneficially held<br>Change represents<br>reduction in tenement<br>from 34km <sup>2</sup> to 17km <sup>2</sup> .                     | 0%                               | 100%                       |
|  | EL5998  | Beneficially held  | 90%                              | 90%                        |
|  | EL5732<br>Mulgathing<br>in South<br>Australia | Beneficially held<br>Prior quarter movement<br>in iron ore rights reported<br>as moving from 81% to<br>100%. Movement was to<br>90%. | 90%                              | 90%                        |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased           |   | Not applicable   |                                  |                            |

**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: 31 January 2020

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.