



ASX ANNOUNCEMENT

Iron Road Ltd (Iron Road, ASX:IRD)



CAPE HARDY STAGE I PORT DEVELOPMENT PROGRESS

Eyre Peninsula Cooperative Bulk Handling Grower Meetings Exceed Expectations

Highlights

- Iron Road and Eyre Peninsula Bulk Handling (EPCBH) welcome significant grower support expressed for a multi-user, multi-commodity port at Cape Hardy, which will greatly enhance the economic development potential for the Eyre Peninsula region.
- Formal grower meetings held at Port Kenny, Wudinna, Rudall, Wharminda and Tumby Bay with additional meetings planned for Ungarra and Kimba. Informal meetings and dialogue with farmers continue in parallel.
- EPCBH to report later this month on the uptake of cooperative paid membership arising from this initial engagement process (refer EPCBH media release attached).
- Districts not covered in EPCBH's initial membership drive have expressed desire for inclusive, follow-up meetings that are expected to add solid organic growth to the Cooperative's membership over time.
- EPCBH is actively pursuing preferred funding sources to fulfil a minimum \$20 million equity investment aspiration in Cape Hardy. This intent provides potential equity investors and senior debt providers further confidence of the Cooperative's long-term commitment to the planned Stage I export facility.

Iron Road Ltd (Iron Road or Company, ASX: IRD) is pleased to advise that grain grower meetings held across the Eyre Peninsula to advance membership and discuss the role of EPCBH in the Cape Hardy port development have exceeded initial expectations.

Following the Federal Government's December 2019 Mid-Year Economic and Fiscal Outlook announcement that \$25 million of grant support would be provided to the Cape Hardy port precinct, potential equity investors and senior debt providers are gaining further verification that the Stage I port development is firmly backed by grassroots farmer support.

Iron Road's Chief Executive Officer, Larry Ingle commented, "EPCBH's initial and highly successful formal engagement process has validated the cooperative model as the most optimal for Eyre Peninsula growers. Importantly, this adds strong impetus to Cape Hardy Stage I financing endeavours as it enables modelled commercial returns and debt service coverage ratios to be credibly evaluated under a range of sensitivities for the Cape Hardy Stage I business case."

Mr Ingle added, "Reconciliation of EPCBH membership following this initial engagement process will enable a base case export tonnage profile to be finalised for the Cape Hardy Stage I business case along with associated commercial return expectations. In line with EPCBH's pending update on paid membership, we expect to inform the market with base case valuation metrics and internal rate of return projections later this month."

The Cape Hardy Stage I financial model illustrates an all-in financing task of \$180 million, comprising unchanged \$167 million¹ capex estimate plus allowances for a debt service reserve account, interest during construction and upfront debt fees and advisory costs.

A project gearing ratio of 50% is currently targeted, implying a Cape Hardy Stage I equity funding hurdle in the order of \$65 million (net of \$25 million Federal government grant).

Iron Road and EPCBH are currently engaged with preferred investors to fill the balance of an expected \$40-50 million equity offering via the establishment of a Cape Hardy Stage I unincorporated joint venture structure (UJV). Formal debt finance appetite is now also being tested given the credible level of grassroots farmer support evidenced at EPCBH's grower meetings and rapid growth demonstrated in paid-up membership.



EPCBH grower meeting held at Tumbly Bay on 3 March 2020

- ENDS -

Authorised for release by the board of Iron Road Ltd

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¹ Refer to ASX announcement *Cape Hardy Stage I Port Development Update*, dated 31 October 2019, for more detail



Media Release

28 February 2020

GROWER MEETINGS EXCEED EXPECTATIONS

Recent grower meetings across the Eyre Peninsula to discuss the Cape Hardy Port development and the role of Eyre Peninsula Cooperative Bulk Handling Limited (EPCBH) have been exceptionally well attended.

Strong support has been shown for the continued involvement in the Stage I Cape Hardy port development by EPCBH. Meetings have been held at Port Kenny, Wudinna, Rudall and Wharminda with further meetings planned for Tumby Bay, Ungarra and Kimba.

The grower owned cooperative was formed in 2017 to take advantage of any opportunity for the Eyre Peninsula agricultural industry to work in close cooperation with the developers of the Cape Hardy port project, Iron Road Limited. With a memorandum of understanding (MOU) signed between the parties in late 2017, the Cape Hardy port development recently received a \$25 million commitment from the Federal Government as seed funding to progress early construction works at the port site.

EPCBH Chairman Mr Bruce Heddle has welcomed the significant grower support for a multi-user, multi-commodity port.

“We have always taken the view that any new infrastructure proposed for the region that assists our industry to be globally competitive, also needs to be open and accessible to as many industries and users as possible. This will maximise the economic outcomes and economic development potential for the region.

We also support the Federal Member for Grey’s comments that a multi-commodity port for the Eyre Peninsula would be regionally transformative and look forward to the opportunity this port can deliver to the region and to South Australia”

In the coming weeks, the cooperative will report on the uptake of EPCBH membership arising from this initial formal engagement process.

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