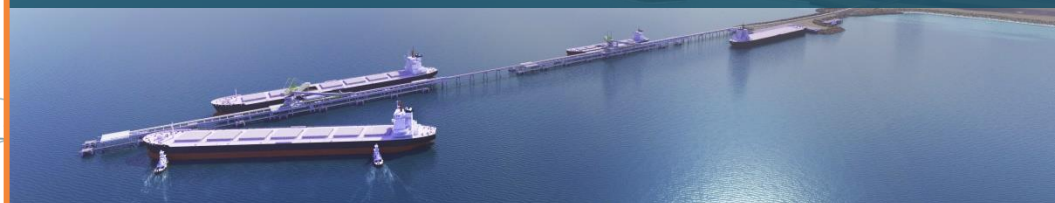




# QUARTERLY ACTIVITIES REPORT

For the period ended 31 March 2020



## Highlights

- Iron Road continues to advance Cape Hardy Stage I financing plan and delivery model.
- Global tier 1 strategic investors and infrastructure developers engaged with Iron Road in Cape Hardy Stage I port due diligence.
- Development Application variation process with the State government commenced, which will allow for staged port construction.
- Project partner Eyre Peninsula Co-operative Bulk Handling (EPCBH) held formal grower meetings across the Eyre Peninsula with strong uptake of membership during this initial engagement process.
- Overwhelming support expressed by Eyre Peninsula growers for a multi-user, multi-commodity port, recognising that such facility will maximise the economic development potential for the region.

## Central Eyre Iron Project (CEIP)

### Project Commercialisation

The Cape Hardy Stage I financing plan, delivery model and project structure continued to be progressed despite COVID-19 challenges impacting face-to-face engagement from March 2020. The Company remains actively engaged with two global tier 1 strategic investors, one of which is an infrastructure financing and management group capable of bringing both equity and debt financing to the project and the other a trading house with interest as an equity partner and trader, initially in grain. Both entities are attracted by growth opportunities such as the Stage II port expansion and associated development. Numerous other parties remain interested in opportunities associated with the port.

The Cape Hardy Stage I financial model illustrates an all-in financing task of \$180 million, comprising a \$167 million<sup>1</sup> capex estimate plus allowances for a debt service reserve account, interest during construction and upfront debt fees and advisory costs. With a project gearing ratio of 50%, Cape Hardy Stage I equity funding requirements are expected to be in the order of \$65 million (net of \$25 million Federal government grant). Preferred investors are being sought 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.

The Development Application variation process with the South Australian State government has commenced allowing for construction of a port at Cape Hardy to be staged. Stage I envisages a panamax capable port handling both grain and general goods with Stage II being an expansion to a Cape-class capable port for the export of iron concentrate and other bulk mineral commodities.

Project partner Eyre Peninsula Co-operative Bulk Handling (EPCBH) held formal grower meetings at Port Kenny, Wudinna, Rudall, Wharminda, Tumby Bay, Ungarra and Kimba during the quarter with strong uptake of

membership the result of this initial engagement process. Ongoing informal engagement, although difficult under COVID-19 restrictions, is expected to allow for the continued growth of grower membership.

During an independent growers meeting held at Cummins on the Eyre Peninsula during March 2020 and attended by at least 150 grain growers, a majority were in favour of building a multi-user, multi-commodity facility such as Cape Hardy, as opposed to a grain only facility. South Australian Minister for Primary Industries and Regional Development, Tim Whetstone, was present at the meeting, as well as other State and Federal politicians and advocacy groups.

Following the Federal Government's December 2019 Mid-Year Economic and Fiscal Outlook announcement that \$25 million of grant support was committed to developing 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.

## Corporate

Iron Road's Appendix 5B includes amounts in item 6.1. These amounts represent the payment of entitlements to former Managing Director Andrew Stocks and non-executive director fees. The Company's quarterly cashflow report includes expenditure on exploration and evaluation activities of \$203k relating to maintaining the Company's mining lease rental and exploration licences.

Subsequent to the end of the quarter, Sentient Global Resources Fund IV, L.P. provided further financial support via an increase of \$600,000 in loan funding under the Company's current loan facility. The loan facility bears a zero rate of interest and does not attract any fees.

## Tenement Schedule - 31 March 2020

South Australia	Tenement Reference	Interest
Warrambo	ML6467	100%
Warrambo	EL5934	100%
Lock	EL6425 (previously EL5496)	100%
Mulgathing	EL6012 EL5298 EL5661 EL5720 EL5767	100% interest in iron ore rights
Mulgathing	EL5998 EL5732	90% interest in iron ore rights

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

**Authorised for release by the board of Iron Road Ltd.**

**For further information, please contact:**

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Iron Road Ltd  
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Jarek Kopias, Company Secretary  
Iron Road Ltd

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## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Iron Road Limited

ABN

51 128 698 108

Quarter ended ("current quarter")

31 March 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(203)	(579)
(b) development	-	-
(c) production	-	-
(d) staff costs	(252)	(824)
(e) administration and corporate costs	(82)	(468)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(536)</b>	<b>(1,870)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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 equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	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>-</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	799	733
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(536)	(1,870)
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)	-	1,400

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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>263</b>	<b>263</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	218	754
5.2	Call deposits	45	45
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>263</b>	<b>799</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
103
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. <b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	7,400	7,400
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>7,400</b>	<b>7,400</b>

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The current loan facility in 7.1 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.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(536)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(536)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	263
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	(273)
<b>8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>0.5</b>

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Net operating cashflows will decrease as the March quarter included \$100k in director termination payments. The Company will also be entitled to Federal Government COVID-19 stimulus payments totalling \$100k over the next two quarters.

Sentient has provided an increase of \$600,000 in the unsecured loan, subsequent to the end of the quarter, and these funds are expected to fund the Company through the next 2 quarters.

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company proposes to take steps to raise further cash to fund its operations, either through further funding support from its major shareholder (secured following the end of the quarter) - 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. Further, the Company has received a \$25 million Federal Government grant commitment to assist in funding the Company's Stage 1 deep water multi-commodity, multi-user port as announced on 16 December 2019. The Company believes that it is likely that these steps will be successful.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

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.

## 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.

Date: 30 April 2020

Authorised by: the Board of the Company  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.