



QUARTERLY ACTIVITIES REPORT

For the period ended 31 December 2021

DECEMBER QUARTER REVIEW

CEIP Iron ore

Despite COVID-19 challenges, Central Eyre Iron Project (CEIP) technical and valuation discussions with potential partners progressed during the quarter, including those assisted by South Australia's Department for Trade and Investment (DTI) and Austrade representatives within Australia and Asia. The Association of Mining and Exploration Companies (AMEC), of which Iron Road is a member, also facilitated new introductions with parties based in jurisdictions demonstrating strong demand growth for high-grade iron ore products.

Spot benchmark (62% Fe Fines) and high grade (65% Fe Fines) iron ore price indices remain resilient in contrast with market consensus adopting a bearish price forecast stance in 4Q 2021. Currently, the 65% Fe Fines index is trading at a circa 25% premium to the spot 62% Fe Fines index. A spot pricing spread of around US\$80/dmt between 65% Fe Fines and the lower grade 58% Fe Fines index price represents a near record high, highlighting the continuing trend for steel mills to source higher quality feedstock as well as comparatively tighter supply-side availability in the seaborne market.

The CEIP remains well placed as the most advanced greenfield high-grade iron concentrate project in Australia (not yet in construction), hosting Australia's largest magnetite Ore Reserve with a Definitive Feasibility Study (DFS) and optimisation studies complete.

Cape Hardy port

Iron Road, Eyre Peninsula Co-operative Bulk Handling (EPCBH) and Macquarie Capital (Macquarie) are parties to a Joint Development Agreement (JDA) based on advancement of the proposed Cape Hardy Stage I multi-user, multi-commodity (grain-led) port facility.

During November 2021, Portalis (the joint venture) provided an update on the grain-led Cape Hardy Stage I port development. Informed by grower feedback, Portalis confirmed that the joint developers undertook consideration of alternative development pathways. EPCBH and Portalis were approached by a grain trading business of international standing regarding grain handling and export opportunities at Cape Hardy. As a consequence, work commenced on evaluating potential operating models that feature a reduced capital expenditure for Stage I and consider strategic grower-owned upcountry grain storage. Assessment of a modified scenario that maintains export facility scalability and embeds wider port precinct optionality is continuing.

Increased levels of engagement from potential industry partners for the CEIP may bring forward Stage II of the port project, which includes plans for bulk commodities and grain exports. This will give the Eyre Peninsula the capacity to support a wider range of regional industries that growers and other key stakeholders regards as critical to long-term economic growth and future prosperity for the region.

Green Hydrogen

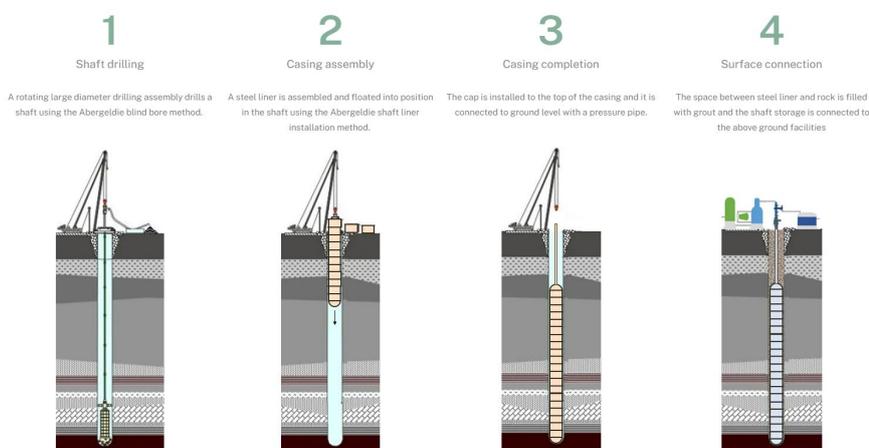
The SA Government has identified Cape Hardy as one of three hubs for green hydrogen production, liquefaction / conversion, water desalination, storage, and export (SA Hydrogen Export Prospectus, 2020). The ideal location of Cape Hardy on the Eyre Peninsula and potential to leverage proximate, large-scale renewable energy resources are key drivers and builds further on the tangible support of Cape Hardy from Infrastructure Australia and the Federal Government.

Introductions and various meetings with several interested parties has been facilitated by an advisor connected with both the Australia-Korea Business Council (AKBC) and Australia Japan Business Co-operation Committee (AJBCC). These discussions have centred around various green hydrogen opportunities including “green iron” pellet manufacturing.

The State Government announced in 4Q 2021 it had selected seven short listed projects for converting the state-owned site at Port Bonython, in the Upper Spencer Gulf, into an export hub for green and blue hydrogen. Iron Road is preparing an Expression of Interest (EOI) process targeting Australian and international green hydrogen project proponents for the 100% owned site at Cape Hardy. Experienced industry consultants have been assisting the Company in the early phase of this process.

Ardent Underground MOU

During December 2021 Iron Road and Ardent Underground (Ardent) executed a Memorandum of Understanding (MoU) to collaborate on the potential for Ardent to develop and construct their storage technology at Cape Hardy for green hydrogen. Part of the collaboration will entail attracting grants to fund detailed R&D studies into the final design elements of these systems, based on actual site requirements. Ardent provides a unique hydrogen storage system which offers cost effective, safe, large-scale storage of compressed hydrogen gas in purpose built underground vertical shafts.



Vertical hydrogen storage method as illustrated offers a considerably more cost-efficient solution than any above ground option, whilst offering modularity and site independence advantages over bespoke lined rock caverns or salt caverns.

Ardent has an exclusive relationship with Abergeldie Complex Infrastructure (Abergeldie) to provide shaft construction for Ardent hydrogen storage. Abergeldie is an Australian-owned company and a world leader in blind bore shaft drilling and lining with a proven track record of constructing large diameter deep shafts. Abergeldie has over 25 years' experience delivering projects in the infrastructure, rail and transport, utilities and energy industry sectors in Australia and New Zealand. This includes the design and construction of complex projects including dams, bridges, tunnels, water and wastewater treatment facilities, rail infrastructure, mining infrastructure, electrical and energy storage infrastructure, marine works and pipeline rehabilitation.

Once the blind bored shaft reaches the intended total depth, the shaft is lined with the steel reinforced concrete composite liner sections.



Dr Keith Lovegrove, Technical Director, Ardent, co-founded the patented novel solution for underground hydrogen storage cooperatively with the University of California. He has pioneered work on the application of thermochemical energy storage using ammonia and advocated for the development of export industries for renewable hydrogen and ammonia. Dr Lovegrove is also Managing Director ITP Thermal, Australia's alternative executive committee representative at the IEA SolarPACES program, a member of the University of Adelaide's Centre for Energy Technology advisory board and serves on the Australian Renewable Energy Agency's advisory panel.

Andromeda Metals MOU

During December 2021 Iron Road and Andromeda Metals Ltd (Andromeda, ASX: ADN) executed an MOU to investigate options for Andromeda to establish an export facility at Cape Hardy for processed and unprocessed bulk commodities. Andromeda recognises that predicted export growth in the region from agriculture, aquaculture, mining and ultimately green energy will be more achievable with an additional multi-commodity port option. The development of a new deep-water port that has the support of key Eyre Peninsula stakeholders will be beneficial to all businesses across the region.

Commencing with its Great White Kaolin Project located near Poochera on the Eyre Peninsula, Andromeda anticipates starting construction in 2022. For an 18-month period post construction, Andromeda plans to export up to 600,000 tonnes per year of direct shipping ore (DSO) halloysite-kaolin clay with the product trucked to its desired export port facility of choice using road trains with side tipping capabilities, similar to those used to transport the region's grain production. The clay will be stockpiled at the port and the shipment size (stockpile size) will be determined by the capability of the port and channel draft. Although Andromeda's current production schedules may be met through existing established port capacity, ongoing discussions with Iron Road are being undertaken as part of project development and optimisation of export routes.

Once the Great White Kaolin project is approved and into production, it is Andromeda's intention to progressively develop other greenfield projects on the Eyre Peninsula. The proposed development of a deep-water port at Cape Hardy and the proximity to Andromeda's projects such as those in the Mount Hope region presents opportunities that support Andromeda's future growth plans.

CEIP Indigenous Land Use Agreement (ILUA)

Following an extended period of collaboration and negotiations through 2021, the parties to the CEIP ILUA executed a Deed of Novation and Variation of the CEIP ILUA. An application has been submitted to the Native Title Registrar to register the amended CEIP ILUA in the Register of Indigenous Land Use Agreements. This will give effect to the agreement pursuant to the *Native Title Act 1993* (Cth), which, among other things, includes native title consents for the CEIP, including the proposed Cape Hardy port.

Amendments build on and broaden commercial arrangements with the Barnjarla that reflect multiple opportunities associated with the proposed Cape Hardy port precinct. An industry competitive royalty arrangement set at a universal rate per tonne will apply equivalently to bulk commodities, including high-grade iron concentrate and other minerals, as well as grain and green hydrogen / ammonia export over the life of the asset. These royalty arrangements incorporate escalation mitigating features. Other arrangements include a Barnjarla educational scholarship fund and associated administration plan, along with indigenous business contracting and employment opportunity provisions. Flexibility has now been embedded into the location of the CEIP infrastructure corridor to enable an optimised mine to port haulage route and allows for more efficient grain logistics opportunities across Eyre Peninsula.

Community and stakeholder engagement

Iron Road engaged directly with various South Australian state government agencies and the CEIP Taskforce, which includes representatives from Department of Energy and Mines (DEM), as well as independent advisors. The Company also continued engagement with the Department for Trade and Investment (DTI) and Austrade representatives within Australia and Asia.

Iron Road is a proud event partner for Colour Tumbly Festival to be held during March 2022, which includes street art, food, wine, music, Adelaide Fringe shows and classic cars.

Corporate

On 16 December 2021 Iron Road announced a placement of ordinary shares in the Company (**Shares**) raising up to \$5 million for an aggregate subscription of up to \$5.175 million. Proceeds from the placement, along with existing cash reserves, are to be used to further advance the Company's assets and fund general working capital requirements.

The placement involved three investments by Bulk Commodity Holdings, LLC (the **Investor**), a US-based institutional investor, with each investment being made by way of a prepayment of Shares (**Subscription Shares**) to be issued by the Company. The initial investment raised \$1,250,000 for \$1,337,500 worth of Subscription Shares. The second investment will raise \$1,250,000 for \$1,337,500 worth of Subscription Shares and its funding is expected to occur within the next nine months. The second investment is at the discretion of the Company and will only be completed if the Company exercises its option to do so within four months of the initial investment. A third investment raising up to \$2,500,000 may be conducted by mutual consent of the Investor and the Company.

The bespoke terms of the placement effectively defer the issuance of Shares to the Investor across three separate investments (by up to 12 months for each of the first & second investments) and are specifically targeted to minimise the dilutionary impact for current IRD shareholders. Retaining flexibility with respect to the second investment puts the Company in a strong position as it pursues its primary objective of satisfactorily transacting at the CEIP asset level during 2022. Further details are available in ASX Release of 16 December 2021.

The Annual General Meeting was held virtually on 24 November 2021 and all resolutions were passed on a poll. A copy of the AGM presentation may be found by clicking [this link](#) or on the Company's website at <https://www.ironroadlimited.com.au/index.php/investor-centre/asx-announcements>.

At quarter end, the company held cash reserves of \$3.5 million and no debt. Iron Road's Appendix 5B includes amounts in item 6.1 representing executive director salary payments. The Company's quarterly cashflow report includes expenditure on exploration and evaluation activities of \$299k (\$186k capitalised) relating to development of the Cape Hardy port facility and maintaining the Company's Mining Lease and exploration licences.

Tenement Schedule - 31 December 2021

South Australia	Tenement Reference	Interest
Warrambo	ML6467	100%
Warrambo	EL5934	100%
Lock	EL6425	100%
Mulgathing	EL6012	100% interest in iron ore rights
	EL6173	
	EL6502	
	EL6532	
	EL5767	
Mulgathing	EL5998	90% interest in iron ore rights
	EL6569	

Authorised for release by the board of Iron Road Ltd

For further information, please contact:

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Appendix 5B

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

Name of entity

Iron Road Ltd

ABN

51 128 698 108

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(113)	(229)
(b) development	-	-
(c) production	-	-
(d) staff costs	(306)	(670)
(e) administration and corporate costs	(334)	(649)
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 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(753)	(1,548)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(903)
(d) exploration & evaluation	(186)	(252)
(e) investments	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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)	-	-
2.6	Net cash from / (used in) investing activities	(186)	(1,155)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	497
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	(16)	(20)
3.5	Proceeds from borrowings	1,250	1,250
3.6	Repayment of borrowings	-	(343)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,234	1,384

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,179	4,793
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(753)	(1,548)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(186)	(1,155)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,234	1,384

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,474	3,474

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,429	3,134
5.2	Call deposits	45	45
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,474	3,179

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	109
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
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.	N/A	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(753)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(186)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(939)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,474
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,474
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.7
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 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?	
Answer: N/A	
8.8.2 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?	
Answer: N/A	

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

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

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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: 20 January 2022

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.