



# QUARTERLY ACTIVITIES REPORT

For the period ended 30 September 2023

## SEPTEMBER QUARTER REVIEW

### Cape Hardy Green Hydrogen & Ammonia Project

Iron Road Ltd (ASX:IRD, Company or Iron Road) has entered the final three months of its current negotiation period with Amp Energy (Amp) after selecting Amp as Lead Developer in April 2023 under exclusivity arrangements and an associated Strategic Framework Agreement.

Amp have undergone initial concept and design with its technical advisor KBR that included review and analysis of technical, legal and regulatory materials as well as Iron Road's port design.

Subject to entering commercial arrangements with Iron Road during the exclusivity period and assembling a 'right-fit' of development partners, Amp's expanded intent is to develop the Cape Hardy site into an industrial manufacturing precinct centred on the green hydrogen and minerals value chain, incorporating key elements of Iron Road's strategic vision for Cape Hardy:

- ammonia production
- desalination processes
- renewable energy production
- mixed commodity port development
- potential green iron / direct reduced iron (DRI)

Cape Hardy Green Hydrogen Project	Completion Date	2023				2024				2025				2026				2027				2028			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Offer to Bid	Q1:2023	█																							
Execution of Strategic Framework Agreement	Q2:2023		█																						
Negotiation Period, Scope Development and execution of Transaction Documents	Q4:2023			█	█	█	█																		
Concept & Prefeasibility (Class 5 Estimate)	Q3:2023			█	█	█	█																		
Feasibility Study & Pre-FEED (Class 4 Estimate)	Q3:2024				█	█	█	█	█																
Front-End Engineering & Design (Class 3 Estimate)	Q4:2024					█	█	█	█	█	█														
Detailed Design (Class 2 Estimate)	Q3:2025							█	█	█	█	█	█												
Project Development, Early Works & FID	Q4:2025								█	█	█	█	█	█											
Procurement, Construction & Pre-commissioning	Q3:2028																								
Commissioning and First Production	Q3:2028																								

Source: Amp Energy, Iron Road Investor Update 7 September 2023

### Central Eyre Iron Project (CEIP)

During Q3 2023, the 62% Fe Fines benchmark price averaged circa US\$114/dmt with the high-grade 65% Fe index averaging approximately US\$125/dmt. Despite difficult conditions in the Chinese property and construction sectors, seaborne iron ore prices have comfortably outperformed market consensus expectations and continue to trade in a relatively tight range year to date. Q3 2023 pricing for both benchmark 62% Fe Fines and the high-grade 65% index rose marginally quarter-on-quarter and were 8-10% higher year-on-year. Considering the continued strong USD compared with major iron ore producer currencies, market conditions remain healthy for non-marginal producers on the industry cost curve.

The favoured 12Mtpa CEIP mine and beneficiation plan is increasingly well positioned to highlight potential green electron supply/offtake synergies via large-scale renewable energy projects that are now steadily advancing across the Eyre Peninsula.

Large-scale renewable energy projects on the Eyre Peninsula are a prerequisite to realise the South Australian Government’s ambition to harness some of the world’s best coincident wind and solar resources in the form of hydrogen. It is expected these projects will also ultimately provide the upstream green electrons for the proposed green hydrogen and ammonia development at Cape Hardy.

Further to this thematic and as the Company has recently been conveying, ongoing discussions with potential CEIP strategic partners have centred around a preference for direct-reduced iron (DRI) ore products to be beneficiated from the CEIP Ore Reserve. The global iron ore mining and steelmaking industry expects that DRI is likely to remain the most viable mid-term solution for progressively reducing Scope 3 industry emissions.

## Northern Water

During the quarter, Iron Road advised that independent findings provided to Infrastructure South Australia (ISA) clearly demonstrated that the Cape Hardy site is likely to deliver the greatest benefits and have the least negative impacts when compared to three alternative Spencer Gulf sites also considered for the proposed large-scale Northern Water (NW) desalination project.

The NW project is a priority initiative for South Australia and aims to provide a sustainable water supply (up to 260ML/day) to end-users that currently extract water from the Great Artesian Basin (GAB) and River Murray - water sources that support significant environmental and cultural values. This proposed secure source of new water will serve mineral production, defence, agriculture (pastoralists), and emerging green energy industries while also providing the opportunity to supply SA Water and its customers.



*A pipeline network will connect the new desalination plant to its customers. The main transfer pipeline (approx. 600km in length) will link eastern Eyre Peninsula, Whyalla, Port Augusta, Woomera, Carapateena, Roxby Downs, Pimba, and Olympic Dam. Northern Water is currently considering four potential locations for the desalination plant.*

*(source <https://www.northernwatersupply.sa.gov.au/project-overview>)*

Jacobs Group (Australia) Pty Ltd and GHD Pty Ltd were engaged by ISA to assist in facilitating a final Multi Criteria Assessment (MCA) with a select group of stakeholders to better understand the costs and benefits (merits) of four possible desalination sites, namely Point Lowly, Crag Point, Mullaquana Station and Cape Hardy. The MCA was designed in line with Infrastructure Australia guidelines and focused on providing a quantitative assessment value to a range of key criteria. An overview of the process and outcomes from the final MCA was made publicly accessible. The memorandum is available at <https://yoursay.sa.gov.au/northern-water-supply> - the South Australian Government's yourSAy website for NW.

The MCA included 17 criteria across four categories:

1. Sustainability (30% weighting)
2. Social Sustainability and Liveability (25% weighting)
3. Financial Efficiency / Prudence (20% weighting)
4. Technical Robustness (25% weighting)

**MCA scoring matrix showing Cape Hardy the top ranked site (including three sensitivity scenarios)**

Sensitivity Scenario	Sustainability	Social Sustainability and Liveability	Financial Efficiency/Prudence	Technical Robustness	Point Lowly	Crag Point	Mullaquana	Cape Hardy
Workshop weighting	30%	25%	20%	25%	2.51	2.44	3.37	3.84
Sensitivity scenario 1 = Sustainability emphasis	40%	30%	15%	15%	2.51	2.36	3.44	3.90
Sensitivity scenario 2 = Financial	20%	15%	40%	25%	2.63	2.61	3.15	3.53
Sensitivity scenario 3 = Community sentiment	38%	27%	13%	22%	2.49	2.38	3.45	3.95

Source: <https://yoursay.sa.gov.au/northern-water-supply> - NW Final MCA Memo, Jacobs GHD, 12 September 2023.pdf

ISA will reportedly use the outcomes of the MCA to inform a decision regarding the preferred location for siting the proposed NW desalination plant. The South Australian Government is yet to make a decision.

In the event of a positive Cape Hardy decision and mutually agreeable commercial arrangements, it is likely that NW will lodge a Development Application (DA) for a 260ML/day desalination plant. The Company will further update the market in due course.

In the interim Iron Road has developed a *Land Access Protocol* (LAP) with NW allowing for an investigative work program to continue at the Company's Cape Hardy site.

## Corporate

At quarter end, the Company held cash reserves of \$1.2 million and no debt. Cash flows in the quarter included \$924k of gross proceeds from a Share Purchase Plan (SPP) that was targeting \$1.0 million. Offsetting this was a \$300k financing expense representing a cash repayment of an earlier prepayment received for Iron Road shares. This repayment was made in lieu of issuing shares and did not incur any interest costs.

Total cash outgoings for operating and investing activities during the quarter was abnormally high at \$1.2 million as the amount included an annual Mining Lease Rental payment of \$462k related to the CEIP Mineral Lease. Budgeted expenditure for the upcoming six-month period through to 31 March 2024 amounts to \$1.0 million. Therefore, the Company's cash position of \$1.2 million at quarter end represents more than two quarters of funding available.

Iron Road's Appendix 5B includes amounts in item 6.1 and item 6.2 representing the payment of Executive Director salary and Non-Executive Director fees during the September quarter.

Effective 1 October 2023, the Company's Executives and Non-Executive Directors elected to defer a portion of salaries/fees (\$355k pa in aggregate).

## Tenement Schedule – 30 September 2023

South Australia	Tenement Reference	Interest
Warrambo	ML6467	100%
Warrambo	EL5934	100%
Lock	EL6425	100%
Mulgathing	EL6012	100% interest in iron ore rights
	EL6173	
	EL6502	EL5767 has been renewed as
	EL6532	EL6625
	EL6625	
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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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 Ltd

ABN

51 128 698 108

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(467)	(467)
(b) development	-	-
(c) production	-	-
(d) staff costs	(297)	(297)
(e) administration and corporate costs	(280)	(280)
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	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,044)</b>	<b>(1,044)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(111)	(111)
(e) investments	-	-
(f) other non-current assets	(5)	(5)

## 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 (3 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>(116)</b>	<b>(116)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	924	924
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	(18)	(18)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(300)	(300)
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>606</b>	<b>606</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	<b>1,781</b>	<b>1,781</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,044)	(1,044)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(116)	(116)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	606	606

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 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>1,227</b>	<b>1,227</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	1,182	1,736
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>1,227</b>	<b>1,781</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	101
6.2	Aggregate amount of payments to related parties and their associates included in item 2	48

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

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,044)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(111)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,155)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,227
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,227
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	1.1
<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: No. The September 2023 quarter includes an annual Mining Lease Rental payment of \$462k related to the CEIP mining lease. Further, budgeted expenditure for the upcoming six month period to 31 March 2024 amounts to \$1.0m.	
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: Iron Road has in the past undertaken share placements and other forms of fundraising activity. The Company reasonably expects to be able to attract non-dilutionary capital and raise further equity or debt on reasonable terms to successfully progress its Projects.	



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: Yes. Iron Road expects to be able to continue its operations and to meet its business objectives following fundraising activities as detailed above. If funding support is not sufficient to meet planned expenditures, the Company will reduce corporate expenditure and other activities as required.

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: 27 October 2023

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.