



QUARTERLY ACTIVITIES REPORT

For the period ended 31 March 2024

MARCH QUARTER REVIEW

Cape Hardy Green Hydrogen & Advanced Fuels Precinct project

Iron Road Ltd (ASX:IRD, Company or Iron Road) announced on *12 January 2024* that the Company and Amp Energy (Amp) had agreed to extend the Strategic Framework Agreement and associated exclusivity period by three months to 12 April 2024. The extension was designed to provide adequate additional time to finalise and execute transaction documents associated with the next phase of the Cape Hardy green hydrogen project. In return for Iron Road granting the extension, Amp agreed to waive its right to receive a refund of \$500k (one-third of the initial \$1.5m exclusivity fee paid by Amp), resulting in the removal of this \$500k liability from Iron Road's balance sheet. The Strategic Framework Agreement commercial terms remain broadly in-line with the terms first announced on 12 April 2023 and are expected to underpin proposed transaction documents in Q2 2024. As previously advised, the Company's 12-month exclusive dealing period with Amp expired on 12 April 2024.

The green hydrogen and advanced fuels strategy complements a broader vision for the proposed Cape Hardy port and industrial precinct. This includes the Cape Hardy site facilitating water security via the Northern Water desalination plant to sustain major South Australian industry operations and growth objectives. Provision of industrial scale water on site is a fundamental and core requirement for Amp Energy's planned Cape Hardy Advanced Fuels Precinct, and a major competitive advantage in comparison to other proposed green hydrogen projects in Australia.

Green hydrogen provides value-add optionality to high-quality magnetite resources on the Eyre Peninsula (i.e. direct reduction green pellets or hot briquetted iron) and strengthens multi-commodity export opportunities. Large-scale renewable energy projects, currently in the planning phase, are expected to provide the required green energy for both the green hydrogen development at Cape Hardy and the proposed Central Eyre Iron Project (CEIP) mine, supplemented by grid firming power.

Central Eyre Iron Project (CEIP)

During Q1 2024, the 62% Fe Fines benchmark price averaged circa US\$124/dmt with the high-grade 65% Fe index averaging approximately US\$136/dmt. Weakness in the Chinese property market was the primary driver for seaborne iron ore prices falling 2-4% quarter-on-quarter and 2-3% year-on-year for both benchmark and the high-grade index. Offsetting weakness in the Chinese construction industry was continued strong growth in domestic manufacturing and steel demand associated with the green energy transition. Considerable growth in Chinese steel exports has also maintained stable iron ore import demand coupled with lower levels of domestic steel inventory and improving steel mill margins (albeit off a low base).

During the quarter, the Company advanced discussions with potential CEIP strategic partners. A bulk diamond core sample has undergone analysis and metallurgical test work at a proponent's R&D laboratories and results are consistent with or better than those determined from the Company's own and more extensive test work.

The CEIP Ore Reserve provides optionality across both coarser-grind sinter feed which was the focus of Iron Road's feasibility and optimisation studies and potential finer-grind direct-reduced iron (DRI) products that proponents are now increasingly focused on. The global iron ore mining and steelmaking industry expects that DRI products are likely to remain the most viable mid-term solution for progressively reducing Scope 3 industry emissions.

The Northern Water project will provide a more cost-efficient logistics solution for Iron Road's CEIP, in particular, for a finer-grind, DRI grade iron concentrate product.

Northern Water (NW)

Northern Water is a significant South Australian Government initiative and an integral component of the *State Prosperity Project*, to realise strong economic benefits and positive environmental outcomes for the Eyre Peninsula, Upper Spencer Gulf and Far North of South Australia. This proposed secure source of new water will serve mineral production, defence, agriculture (pastoralists), and emerging green energy industries, whilst also providing the opportunity to supply SA Water and its customers.

On *22 February 2024* the South Australian Government announced that the State and BHP, Origin Energy, Amp Energy and Fortescue had reached agreement to contribute expected pre-FID costs of approximately \$200-230 million for the for the planned 260ML/day desalination plant and 600km pipeline. Northern Water's indicative *fly-through* released at the time, highlights some of the key and unique Cape Hardy characteristics, including nearshore access to deep, high-quality water and marine energy suitable for desalination and sustainable brine dispersion.

On *30 April 2024* Iron Road announced that the Company and Northern Water had executed Option Deeds and Leases relating to the purchase of land wholly owned by Iron Road within the 1,207ha Cape Hardy Industrial Port Precinct, including various easements and a construction laydown area. In summary, Iron Road will receive land acquisition payments of circa. \$3.33 million for the 89.55ha desalination plant site, 5ha pipeline easement and 9ha transmission line easement. The land sale and easements have been executed through Option Deeds, with monthly Option Fee instalments now payable, netted off the land acquisition value at the exercising of the Option, expected during Q4 2024. An investigations licence of \$40,000 is also payable now, with an Option for lease of a temporary 31ha construction laydown area and dwelling (circa. \$133,400 per annum) to be exercised from FID for a minimum three years.

Importantly the land deal preserves Iron Road's control of the planned common user infrastructure footprint at the Cape Hardy Industrial Port Precinct including multi-commodity port infrastructure and facilities.

Corporate

At quarter end, the Company held cash reserves of \$0.35 million and access to an undrawn loan facility of \$0.5 million. Total cash outgoings for operating and investing activities during the quarter were \$385k, expended primarily to progress the Company's proposed Cape Hardy port and industrial precinct development.

On *29 January 2024*, the Company advised that its long-term major shareholder, Sentient Executive GP IV, Limited (Sentient), had agreed to loan Iron Road up to \$1 million interest free with the funding repayable by 30 June 2024. At 31 March 2024, \$0.5 million of the loan was drawn by the Company. At Sentient's election, the financing facility may be partially or fully settled via the issuance of convertible notes, each with a face value of \$0.08 and converting to an equivalent number of shares, prior to the loan maturity date. The pricing of \$0.08 is equivalent to Iron Road's previous capital raise (September 2023 Share Purchase Plan). The issuance of convertible notes will firstly require the approval of Iron Road shareholders.

Cash flows in the quarter also included a \$300k financing cash outflow 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. As of 30 April 2024, the aggregate amount required to be settled (via cash repayment or issuance of shares) for all earlier prepayments made to the Company has now reduced to approximately \$1.0 million.

Effective 1 October 2023, the Company's Executives and Non-Executive Directors elected to defer a portion of salaries/fees (\$355k pa. in aggregate). Items 6.1 and 6.2 in the Company's Appendix 5B include payment of executive director fees.

Tenement Schedule – 31 March 2024

South Australia	Tenement Reference	Interest
Warrambo	ML6467	100%
Warrambo	EL5934	100%
Lock	EL6425	0%*
Mulgathing	EL6012	100% interest in iron ore rights
	EL6173	
	EL6502	
	EL6532	
	EL6625	
Mulgathing	EL5998	90% interest in iron ore rights
	EL6569	

* EL6425 was relinquished during the quarter.

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 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(5)	(480)
(b) development	-	-
(c) production	-	-
(d) staff costs	(146)	(653)
(e) administration and corporate costs	(92)	(718)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	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	-	-
1.9 Net cash from / (used in) operating activities	(243)	(1,850)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(142)	(370)
(e) investments	-	-
(f) other non-current assets	-	(3)

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 (9 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	(142)	(373)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	(2)	(31)
3.5	Proceeds from borrowings	500	500
3.6	Repayment of borrowings	(300)	(600)
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	198	793

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	538	1,781
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(243)	(1,850)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(142)	(373)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	198	793

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	351	351

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	306	493
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)	351	538

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	39
6.2	Aggregate amount of payments to related parties and their associates included in item 2	39

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	1,000	500
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		500
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.		
On 29 January 2024, the Company advised that its long-term major shareholder, Sentient Executive GP IV, Limited had agreed to loan Iron Road up to \$1 million interest free with the funding repayable by 30 June 2024. The loan is unsecured.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(243)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(142)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(385)
8.4 Cash and cash equivalents at quarter end (item 4.6)	351
8.5 Unused finance facilities available at quarter end (item 7.5)	500
8.6 Total available funding (item 8.4 + item 8.5)	851
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.2
<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	
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	
<i>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.</i>	

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 2024

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.