

Iron Road Limited

# Retail Entitlement Offer

Iron Road Limited ACN 128 698 108

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Details of a 31 for 40 accelerated non-renounceable pro-rata entitlement offer of Iron Road Limited ordinary shares (**New Shares**) at an issue price of \$0.32 per New Share

**Offer closes 5pm (AEST) on 4 September 2012**

This is an important document which is accompanied by a personalised Entitlement and Acceptance Form for you to subscribe for New Shares in Iron Road. Please read this document carefully and call your professional adviser if you have any queries.

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## Corporate directory

### **Registered Office**

14 Emerald Terrace  
WEST PERTH, WA 6005

### **Share Registry**

Security Transfer Registrars Pty Limited  
770 Canning Highway  
APPLECROSS, WA 6153

### **ASX Listing Code**

IRD

# Important Notices

## **Foreign jurisdictions**

*This booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form, do not constitute an offer of securities in any jurisdiction in which, or to any person to whom it would not be lawful to make such an offer. In particular, this booklet and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. This booklet has been prepared for publication only in Australia and New Zealand, and may not be released elsewhere, including in the United States (unless Iron Road is satisfied that it is not lawfully precluded from releasing the booklet in a particular jurisdiction). The New Shares offered in the Entitlement Offer have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered or sold in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.*

## **Forward looking statements**

*This booklet contains forward-looking statements, opinions and estimates including statements regarding the future development of Iron Road's projects, the progress and outcome of the scoping and feasibility studies and the outcome and use of proceeds of the Entitlement Offer. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this letter and the attached materials. Some of these risks and uncertainties are described in **section 5** of this booklet. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to Iron Road as of the date of this letter. Except as required by law or regulation (including the ASX Listing Rules) Iron Road undertakes no obligation to update these forward-looking statements.*

## **Competent person statement**

*The information in this booklet that relates to exploration results and exploration targets at Murphy South is based on and accurately reflects information compiled by Mr Larry Ingle, who is a full time employee of Iron Road and a Member of the Australasian Institute of Mining and Metallurgy. Mr Ingle has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ingle consents to the inclusion in the booklet of the matters based on his information in the form and context in which it appears.*

*The information in this booklet that relates to mineral resources is based on and accurately reflects information compiled by Mr Iain Macfarlane, Coffey Mining Limited, who is a consultant and advisor to Iron Road and a Member of the Australasian Institute of Mining and Metallurgy. Mr Macfarlane has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration*

*and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Macfarlane consents to the inclusion in the booklet of the matters based on his information in the form and context in which it appears.*

*The information in this booklet that relates to the global exploration target is based on and accurately reflects information compiled by Mr Albert Thamm, Coffey Mining Limited, who is a consultant and advisor to Iron Road and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Thamm has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Thamm consents to the inclusion in the booklet of the matters based on his information in the form and context in which it appears. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration targets. It is uncertain if further exploration will result in the determination of a mineral resource, in cases other than the Boo-Loo prospect.*

## Key offer dates

Announcement of the Entitlement Offer and commitments under the Institutional Component from Eligible Institutional Shareholders	2 August 2012
Record Date	7pm (AEST) 13 August 2012
Retail Entitlement Offer opens	14 August 2012
Settlement of Institutional Component	15 August 2012
Allotment of Institutional Component New Shares and commencement of normal settlement trading on ASX	16 August 2012
Retail Entitlement Offer closes	5pm (AEST) 4 September 2012
Deferred settlement trading on ASX commences	5 September 2012
Notify ASX of under subscriptions	7 September 2012
Allotment of New Shares under Retail Entitlement Offer and Shortfall Facility and despatch of holding statement	11 September 2012
Retail Entitlement Offer New Shares and Shortfall New Shares commence normal settlement trading on ASX	12 September 2012

Applicants are encouraged to submit their Entitlement and Acceptance Forms as soon as possible after the Retail Entitlement Offer opens. Iron Road reserves the right, subject to the *Corporations Act 2001* (Cth), ASX Listing Rules and other applicable laws to vary the dates of the Retail Entitlement Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases, without notice. You cannot, in most circumstances, withdraw your application once it has been accepted.

## Enquiries

If you have any questions, please consult your stockbroker, accountant or other professional adviser.

# 1 Chairman's letter

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2 August 2012

Dear Shareholder

## Iron Road Limited Underwritten Capital Raising – Retail entitlement offer

On behalf of Iron Road Limited (**Iron Road**), I am pleased to invite you to participate in a 31 for 40 accelerated non-renounceable pro-rata entitlement offer of Iron Road ordinary Shares (**New Shares**) at an issue price of \$0.32 per New Share to raise approximately \$40 million (**Entitlement Offer**).

The Entitlement Offer, which was announced on 2 August 2012, comprises an institutional component (**Institutional Component**) and a retail component (**Retail Entitlement Offer**). Certain Eligible Institutional Shareholders have committed to take up their Entitlements under the Institutional Component to raise approximately \$6.2m.

The Retail Entitlement Offer will raise approximately \$33.8m.

Iron Road was established to explore for and develop iron ore opportunities in Australia and beyond and listed on the ASX in June 2008. Iron Road's key project is the Central Eyre Iron Project (**CEIP**) in South Australia. Alongside CEIP, we have also been fortunate to outline a smaller scale, although potentially faster start-up operation at the Gawler Iron Project (**GIP**), also in South Australia.

Significant progress in developing CEIP has been made in the four years since listing. This includes:

- substantial exploration and definition programmes covering approximately 126 kilometres of drilling, over 26,000 assays and 4,100 line kilometres of aerial surveys;
- the definition of a resource base of 2.1 billion tonnes – with additions expected from our exploration target of 2.8 to 5.8 billion tonnes<sup>1</sup>;
- completion of a prefeasibility study for a 12.4Mtpa concentrate operation covering the CEIP mineral resource, mine modelling, process design, port & water options, and market studies. Crucially, the study demonstrated that Iron Road can develop a robust project at a competitive capital cost and operating cost, utilising only a third of the mineral resource strike length;

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<sup>1</sup> It is common practice for a company to comment on and discuss its exploration in terms of target size, grade and type. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target in cases other than the Boo-Loo, Dolphin and Murphy South prospects.

- commencement of the Definitive Feasibility Study (**DFS**) for an expanded production level of 20Mtpa from CEIP, utilising far more of the available ore body; and
- establishment of the Adelaide head office, in order to bring together the team that will deliver the DFS.

Iron Road now stands significantly further along the pathway to development, as we advance into the next stages of the final DFS for the CEIP.

With the DFS in hand, Iron Road hopes to be able to demonstrate the value present at the CEIP, as well as allowing detailed discussions with potential project partners and capital providers.

As such, we see the DFS as enabling a considerable step change in the current value of the CEIP and Iron Road. A successful conclusion of the DFS will of course require Iron Road to expend capital in order to ensure the study is conducted in a timely manner, and to the required level of detail and quality.

Alongside the development of the CEIP, Iron Road also proposes to complete a scoping study for the GIP. GIP potentially offers us the opportunity to pursue a smaller scale, faster start-up operation than the CEIP and shows many positive characteristics. The scoping study will enable us to better define the potential production at GIP, along with a proposed pathway to production, likely to be in a far shorter time scale than the CEIP.

The Entitlement Offer presented to you in this booklet is intended to provide the capital to allow us to continue the development of the DFS and CEIP, alongside the scoping study for GIP.

The Board has determined to seek the funds by way of an Entitlement Offer as the best mechanism for offering equal participation for all Shareholders, particularly in light of recent market-wide declines in prices for resources stocks.

In recognition of the importance of our Shareholders, the Board will offer to you access to any Shortfall Shares through a Shortfall Facility. If you wish to take up more than your pro-rata allocation of New Shares you may do so by applying for the Shortfall in accordance with the instructions set out in this booklet.

The Entitlement Offer is fully underwritten by CIBC Australia Ltd (**the Underwriter**) a wholly owned subsidiary of Canadian Imperial Bank of Commerce, a major Canadian chartered financial institution. Additionally, Iron Road's largest Shareholder, the Sentient Group, has also agreed to fully sub-underwrite the Retail Entitlement Offer.

The Board also welcomes the support of certain Eligible Institutional Shareholders, which have committed to the Underwriter that they will take up their full Entitlement under the Institutional Component.

This booklet relates to the Retail Entitlement Offer and contains a number of important parts and documents, including:

- an ASX release, which was released to ASX on 2 August 2012 providing more information on Iron Road and key risks for you to consider;

- instructions on “How to Apply” setting out how to accept all or part of your entitlement in the Retail Entitlement Offer and how to participate in the Shortfall Facility if you choose to do so; and
- important legal information.

With this booklet you will also find your Entitlement and Acceptance Form which details your entitlement, to be completed in accordance with the instructions provided on the form and the instructions on “How to Apply”.

The Retail Entitlement Offer and applications to participate in the Shortfall Facility close at 5pm (AEST) on the Closing Date. To participate, you need to ensure that your completed Entitlement and Acceptance Form is received by Iron Road before this time and date OR you have paid your Application Monies via BPAY pursuant to the instructions that are set out on the Entitlement and Acceptance Form. Please refer to the instructions on “How to Apply” that accompany this letter for further information.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable.

You should obtain any professional advice you require to evaluate whether to participate in the Retail Entitlement Offer.

In short, this Entitlement Offer is intended to provide the capital necessary to allow Iron Road to continue development of both the CEIP and the GIP, while also allowing Eligible Retail Shareholders to maintain their stake in our future development.

On behalf of the Board of Iron Road, I thank you for your continued support as an Iron Road Shareholder and I commend this offer to you, and welcome the future success that realisation of our founding vision will bring our company.

Yours sincerely



**Mr Julian Gosse**

Chairman

## 2 Iron Road's resources and use of proceeds

### 2.1 Resources Table

CEIP JORC Global Mineral Resource							
Location	Classification	Tonnes (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI (%)
Murphy South	Indicated	1,108	16.0	53.2	12.9	0.08	0.4
	Inferred	668	16.4	52.7	12.8	0.08	1.3
Boo-Loo	Inferred	328	17.3	52.4	11.5	0.09	2.1
<b>Total</b>		<b>2,104</b>	<b>16.2</b>	<b>52.9</b>	<b>12.7</b>	<b>0.08</b>	<b>1.0</b>

The mineral resource estimates were carried out following the guidelines of the JORC Code (2004) by Coffey Mining Limited. Please see the relevant competent persons statement at page 3 of this booklet.

### 2.2 Proceeds of Entitlement Offer

The proceeds of the Entitlement Offer will be used to:

- complete a substantial proportion of the DFS on the CEIP;
- initiate land acquisitions required for the development of the CEIP; and
- undertake a scoping study on the GIP.

A breakdown of the proposed use of gross proceeds is set out in the table below:

Activity	Amount
CEIP drilling – resource extension	\$8 million
CEIP DFS	\$17.5 million
Land acquisition	\$7 million
GIP scoping study	\$2.5 million
Administrative/corporate	\$3.5 million
Entitlement Offer fees and expenses	\$1.5 million
<b>TOTAL</b>	<b>\$40 million</b>

Iron Road anticipates that the proceeds of the Entitlement Offer will be utilised by around June 2013. Iron Road Shareholders should be aware that substantial further funding will be needed to complete the DFS and any additional feasibility studies for the GIP and should refer to the risk factor in **section 5.1(d)** of this booklet for a further discussion of Iron Road's future capital requirements.

## 3 Details of the Entitlement Offer

### 3.1 Overview of Entitlement Offer

The Entitlement Offer is an offer of approximately 124.9 million Shares at \$0.32 per New Share to raise approximately \$40 million (before costs).

The Entitlement Offer has two components:

- (a) The Institutional Component – an initial offer to certain Eligible Institutional Shareholders; and
- (b) The Retail Entitlement Offer – an offer to Eligible Retail Shareholders.

### 3.2 Institutional Component

Under the Institutional Component, certain Eligible Institutional Shareholders have committed to take up their Entitlements, which will raise approximately \$6.2 million.

New Shares will be issued under the Institutional Component at the same price and at the same ratio as those being offered under the Retail Entitlement Offer.

### 3.3 Retail Entitlement Offer

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders only. The Retail Entitlement Offer will raise approximately \$33.8 million.

### 3.4 Commitment fee

Certain Eligible Institutional Shareholders have committed to accept their Entitlements under the Institutional Component will be paid a commitment fee of 0.50% of their respective commitments by the Underwriter.

### 3.5 Shortfall Facility

Subject to the Corporations Act and the requirements of the ASX Listing Rules, you may also apply for additional New Shares in excess of your Entitlement. If all Eligible Retail Shareholders do not take up their Entitlement in full, the Shortfall will be allocated to those Eligible Shareholders who apply for additional New Shares (**Shortfall Facility**).

If applications under the Shortfall Facility exceed the Shortfall, the Shortfall will be allocated on a proportionate basis having regard to the relative registered holdings at 7pm (AEST) on the Record Date of all Eligible Shareholders who have applied for Shortfall Shares under the Shortfall Facility. To the extent that the Shortfall has not been fully allocated following this allocation, the remaining Shortfall Shares will be allocated to Eligible Shareholders who did not receive all of the Shortfall Shares that they applied for under the Shortfall Facility, on a proportionate basis, having regard to their relative registered holdings at 7pm (AEST) on the Record Date. This method of allocation shall continue until all the Shortfall Shares have been allocated.

Iron Road's decision on the number of Shortfall Shares to be allocated to you will be final. Iron Road may scale-back any application for Shortfall Shares in its absolute discretion, but will not scale back any Entitlement.

New Shares and Shortfall Shares issued under the Entitlement Offer will rank equally with existing Iron Road Shares.

The Sentient Group, which is a Shareholder and also the sub-underwriter, will not be entitled to participate in the Shortfall Facility.

### **3.6 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares or Shortfall Shares. You cannot withdraw your application or payment once it has been accepted.

### **3.7 No Entitlements trading**

Entitlements are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any value in respect of those Entitlements that they do not take up. Furthermore you cannot, in most circumstances, withdraw the application once it has been accepted.

### **3.8 Quotation and trading**

Iron Road will apply to ASX for the official quotation of the New Shares in accordance with the ASX Listing Rules. Subject to approval being granted by ASX, it is expected that normal trading of New Shares issued under the Institutional Component will commence on 16 August 2012 and normal trading of New Shares issued under the Retail Entitlement Offer will commence on 12 September 2012.

### **3.9 Underwriting**

Iron Road has entered into an Underwriting Agreement with the Underwriter who has agreed to fully underwrite the Entitlement Offer.

The Underwriter will receive:

- (a) in relation to the Institutional Component, a management fee of 0.75% and an underwriting fee of 1.00% of the total proceeds received pursuant to the Institutional Component; and
- (b) in relation to the Retail Entitlement Offer, a management fee of 0.75% and an underwriting fee of:
  - (i) 1.00% of the first \$9,595,021.44 of the proceeds raised under the Retail Entitlement Offer; and
  - (ii) 3.50% of the balance of the total proceeds of the Retail Entitlement Offer.

As is customary for these types of arrangements, the Underwriter has the ability to terminate the Underwriting Agreement (and its obligations to underwrite the Entitlement Offer) on the occurrence of certain "termination events", including:

- (c) a breach by Iron Road of the terms of the Underwriting Agreement;

- (d) a general suspension in trading of all securities quoted on ASX or certain other stock markets; or
- (e) an adverse change or disruption to the financial markets of Australia or certain other countries,

which the Underwriter has bona fide and reasonable grounds to believe and actually believes has had or is reasonably likely to have a material adverse effect on the financial position of Iron Road, the success of the Entitlement Offer or the market price of Shares.

The Underwriter is also entitled to terminate the Underwriting Agreement if the S&P/ASX All Ordinaries Index falls:

- (f) at any time prior to 5pm on the settlement date of the Retail Entitlement Offer to a level that is 75% or less of the level as at the close of trading on 31 July 2012 ("**Starting Level**"); or
- (g) to a level that is 80% or less of the Starting Level:
  - (i) for at least 3 consecutive business days; or
  - (ii) as at the close of trading on the business day immediately prior to the settlement date of the Retail Entitlement Offer.

As permitted by the ASX Listing Rules, the Directors reserve the right to issue any Shortfall Shares under the Entitlement Offer (after allocation of the Shortfall Facility to those Eligible Shareholders who apply for Shortfall Shares) at their discretion in consultation with the Underwriter and in accordance with the provisions of the Underwriting Agreement.

### **3.10 Sub-underwriting**

Iron Road understands that the Sentient Group has agreed to sub-underwrite the Retail Entitlement Offer for a sub-underwriting fee of up to 2% of the total proceeds of the Retail Entitlement Offer which will be payable by the Underwriter.

The Sentient Group's sub-underwriting commitment will automatically lapse if the Underwriter terminates its obligations to underwrite the Retail Entitlement Offer (see **section 3.9** above). The Underwriter must also terminate the Underwriting Agreement if certain termination events specified in the Underwriting Agreement occur, and the Sentient Group (acting reasonably) requests such a termination.

The Sentient Group has informed Iron Road that it has received written notice from the Treasurer of the Commonwealth of Australia under the *Foreign Acquisitions and Takeovers Act 1975* (Cth), stating that it does not object to the Sentient Group's acquisition of New Shares.

### **3.11 Potential effect of control and capital structure**

At the date of this booklet Iron Road is of the view that there is no one entity that controls Iron Road. However, following the close of the Entitlement Offer the shareholding of certain Shareholders could alter, including as a result of

applications for Shortfall Shares under the Shortfall Facility or New Shares issued to the Sentient Group under its sub-underwriting commitment.

The table below illustrates the possible effects of the Entitlement Offer on the relevant interest of the Sentient Group.

	<b>Impact on Sentient Group's shareholdings</b>
Shares held prior to Entitlement Offer	56,482,484
% holding prior to Entitlement Offer	35.0%
Maximum number of shares which may be issued under the Entitlement Offer	Approximately 124.9 million shares
Maximum number of shares which may be issued under the Retail Entitlement Offer	Approximately 105.5 million shares
% holding following the Entitlement Offer assuming no Shortfall*	Approximately 24.6%
% holding following the Entitlement Offer assuming 25% Shortfall*	Approximately 33.8%
% holding following the Entitlement Offer assuming 50% Shortfall*	Approximately 43.0%
% holding following the Entitlement Offer assuming 75% Shortfall*	Approximately 52.2%
% holding following the Entitlement Offer assuming 100% Shortfall*	Approximately 61.4%

\*Note: the calculation of the Shortfall assumes that, of the Sentient Group, only Sentient Fund IV will take up its Entitlement under the Entitlement Offer.

Other potential effects of the Entitlement Offer on the control of Iron Road include:

- (a) if some Eligible Shareholders do not take up all of their Entitlements, then the proportional interest of those Eligible Shareholders will be diluted; and
- (b) the proportional interest of Ineligible Shareholders in Iron Road will be diluted because Ineligible Shareholders are not entitled to participate in the Entitlement Offer.

## 4 How to apply

### 4.1 Please read this offer booklet carefully

The Entitlement Offer is being made in line with the *Corporations Act 2001* (Cth) which allows rights issues to be offered by providing certain confirmations to the market without the need for a prospectus. Consequently, before accepting your entitlement of New Shares, you should carefully read and understand the publicly available information on Iron Road and the Entitlement Offer, including the materials in this booklet, Iron Road's interim and annual reports and other announcements that have been made available at <http://www.asx.com.au>.

### 4.2 Consider the Entitlement Offer in light of your particular investment objectives and circumstances

If you have any queries or are uncertain about any aspects of the Entitlement Offer, consult with your stockbroker, accountant or other professional adviser. Please ensure that you review carefully the risk factors in **section 5** of this booklet which describe some of the key risks in relation to an investment in Iron Road.

### 4.3 Complete and return the accompanying Entitlement and Acceptance Form

If you decide to take up all or part of your Entitlement, complete and return the Entitlement and Acceptance Form with your payment or pay your Application Monies via BPAY pursuant to the instructions that are set out on the Entitlement and Acceptance Form.

Entitlements are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of those Entitlements they do not take up and their percentage shareholding in Iron Road will be reduced following the issue of all New Shares under the Entitlement Offer.

Your Entitlement is set out on the accompanying Iron Road Entitlement and Acceptance Form and has been calculated based on the number of Shares you held as at the Record Date, rounded up to the nearest whole Share. If you have more than one holding of Iron Road Shares you will receive more than one Entitlement and Acceptance Form and you will have separate Entitlements for each holding.

Iron Road will treat you as applying for as many New Shares as your payment will pay for in full, subject to any scale-back it may determine to implement in its absolute discretion in respect of Shortfall Shares. Amounts received by Iron Road in excess of your Entitlement (**Excess Amount**) may be treated as an application to apply for as many Shortfall Shares as your Excess Amount will pay for in full. If you are paying by BPAY, please make sure to use the specific Biller Code and unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you receive more than one

personalised Entitlement and Acceptance Form, please only use the CRN specific to the Entitlement on that Form. If you inadvertently use the same CRN for more than one of your Entitlements, you will be deemed to have applied only for Shortfall Shares over and above the Entitlement to which that CRN applies.

If you accept and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer at 5pm (AEST) on the Closing Date, you will be allotted your New Shares on 11 September 2012.

If you take no action you will not be allocated any New Shares and your Entitlement will lapse.

#### **4.4 Acceptance of the Entitlement Offer**

By completing, and Iron Road receiving, your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you:

- (a) agree to be bound by the terms of this booklet and the provisions of Iron Road's constitution;
- (b) authorise Iron Road to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer;
- (e) acknowledge that once Iron Road receives the Entitlement and Acceptance Form or your payment by BPAY, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares that you apply for at the Issue Price per New Share;
- (g) authorise Iron Road and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of Iron Road's Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (h) declare that you were the registered holder(s) at 7pm (AEST) on the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (i) acknowledge that the information contained in this booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (j) represent and warrant that the law of any place (other than Australia and New Zealand) does not prohibit you from being given this booklet or making an application for New Shares; and

- (k) represent and warrant that you are an Eligible Retail Shareholder and have read and understood this booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this booklet and the Entitlement and Acceptance Form.

By completing, and Iron Road receiving, your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY you will also be deemed to have acknowledged, represented and warranted on behalf of yourself and each person on whose account you are acting that:

- (a) you are not in the United States (see **section 6.7** below) and you are not acting on behalf of, a person in the United States, and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Retail Entitlement Offer;
- (b) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand (unless Iron Road has determined you are eligible to participate in the Entitlement Offer), and accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws; and
- (c) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States.

#### **Payment by cheque, bank draft or money order**

Should you wish to pay by cheque, bank draft or money order, then this should accompany your completed Entitlement and Acceptance Form.

Your cheque, bank draft or money order must be:

- in Australian currency, made payable to “Iron Road – Entitlement Offer Account” and crossed “Not Negotiable”;
- in respect of the full Application Monies (being the Issue Price multiplied by the number of New Shares applied for); and
- drawn on an Australian branch of a financial institution.

Iron Road will treat you as applying for as many New Shares as your cheque, bank draft or money order will pay for. Any amount received by Iron Road in excess of your final allocation of New Shares and Shortfall Shares will be refunded and no interest will be paid on any Application Monies received or refunded.

## **Payment by BPAY**

Should you wish to pay by BPAY:

- Please follow the instructions on the Entitlement and Acceptance Form. Your BPAY payment must be received by no later than 5pm (AEST) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY are received by this time;
- For payment by BPAY, you do not need to lodge your Entitlement and Acceptance Form, however, by making a payment through BPAY, you will be deemed to have made the declarations set out in this booklet and in the Entitlement and Acceptance Form; and
- Iron Road will treat you as applying for as many New Shares and Shortfall Shares as your BPAY payment will pay for. Any amount received by Iron Road in excess of your final allocation of New Shares and Shortfall Shares will be refunded and no interest will be paid on any Application Monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

### **4.5 Mail or delivery**

To participate in the Entitlement Offer, your payment must be received no later than 5pm (AEST) on the Closing Date. If not paying by BPAY, your completed Entitlement and Acceptance Form, together with Application Monies, should be mailed or hand delivered to the address shown on your Entitlement and Acceptance Form.

### **4.6 Allotment of New Shares**

It is expected that allotment of your New Shares will take place as soon as practicable after the Closing Date. It is expected that the New Shares will be allotted and that transaction confirmation statements will be despatched, on or before 11 September 2012. However, if the Closing Date is extended, the date for allotment and despatch may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX. If quotation for the New Shares is not granted, Iron Road will not allot any New Shares and will refund all Application Monies without interest.

It is your responsibility to confirm your holding before trading in those New Shares. If you sell your New Shares before receiving confirmation of your holding in the form of the transaction confirmation statement, you will do so your own risk. Iron Road and the Share Registry disclaim all liability, whether in negligence or otherwise, if you trade in New Shares before receiving your transaction confirmation statement.

The Directors may at any time prior to allotment of New Shares decide to withdraw this booklet and the offers made under the Entitlement Offer, in which

case Iron Road will return all Application Monies (without interest) to you as soon as practicable.

## 5 Risk factors

Prior to deciding whether to apply for New Shares under the Entitlement Offer, you should read this Retail Entitlement Offer booklet in its entirety and review all announcements made to the ASX in order to gain an understanding of Iron Road, its activities, operations, financial position and prospects.

You should be aware that there are risks associated with an investment in Iron Road. These can be categorised as specific risks (that is, matters that relate directly to Iron Road's business) and general risks (those that relate to the business in general). Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many are outside the control of Iron Road and cannot be mitigated.

The New Shares carry no guarantee in respect of profitability, return of capital or the price at which they will trade on ASX. An investment in Iron Road is speculative.

The following is not an exhaustive summary but identifies the areas the Board regards as the major risks specific to an investment in Iron Road.

### 5.1 Specific risk factors

#### (a) Exploration, development, mining and processing risks

Mineral exploration, project development and mining by their nature contain elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable ore resources;
- (ii) successful conclusions to bankable feasibility studies;
- (iii) access to adequate capital for project development;
- (iv) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (v) securing and maintaining title to tenements;
- (vi) obtaining consents and approvals necessary for the conduct of exploration and mining;
- (vii) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants; and

- (viii) adverse weather conditions over a prolonged period, which can adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from development of tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

(b) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through testwork to produce a saleable product;
- (ii) developing an economic process route to produce a saleable product; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent ore grades and recovery rates, affecting the economic viability of the project.

(c) Operational and technical risks

The current and future operations of Iron Road, including exploration, appraisal and production activities may be affected by a range of factors, including:

- (i) geological, geotechnical and hydrogeological conditions;
- (ii) limitations on activities due to seasonal weather patterns;
- (iii) alterations to joint venture programs and budgets;
- (iv) unanticipated operational and technical difficulties encountered in survey, drilling and production activities;
- (v) electrical and mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes and other force majeure events;
- (vi) unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;
- (vii) the supply and cost of skilled labour;
- (viii) unexpected shortages or increases in the costs of power, water, consumables, diesel fuel, tyres, spare parts and plant and equipment; and
- (ix) prevention or restriction of access by reason of inability to obtain consents or approvals.

(d) Future funding requirements

The funds raised from the Entitlement Offer will be deployed towards, among other things, Iron Road's work program for the CEIP DFS and a scoping study on GIP. Iron Road expects that the Entitlement Offer proceeds will be utilised

by around June 2013 (depending on how quickly Iron Road progresses the activities outlined in the work program). Substantial additional work will be required in order to complete the DFS and to advance feasibility studies on GIP following completion of the preliminary scoping study for which additional expenditure will be required. Iron Road may be required to raise additional capital or seek development partners to fund this additional expenditure. If Iron Road is unable to raise additional funding, this may delay or prevent the completion of its work program and overall business strategy.

If Iron Road is successful in raising sufficient capital and completing the DFS and any other feasibility studies relating to the GIP, it will still be required to raise significant amounts of additional capital to develop the CEIP and GIP into production and realise their full potential.

Any failure by Iron Road to raise capital if and when needed could delay or suspend Iron Road's work programs and could have a material adverse effect on Iron Road's projects and business operations.

If Iron Road is unable to use debt or equity to fund its work program after the substantial exhaustion of the net proceeds of the Entitlement Offer and existing working capital, there can be no assurance that Iron Road will have sufficient capital resources to achieve its business strategy with respect to the CEIP and the GIP, or for any other purposes, or that it will be able to obtain additional funding on terms acceptable to Iron Road or at all.

Any additional equity financing may be dilutive to Iron Road's existing Shareholders and any debt financing (if available) may involve restrictive covenants, which limit Iron Road's operations and business strategy.

(e) Title, tenure and access

Generally, mining tenements and licences which Iron Road owns or may acquire either by application, sale and purchase or farm-in are regulated by the applicable mining legislation. There is no guarantee that applications will be granted as applied for (although Iron Road has no reason to believe that the tenements or licenses will not be granted in due course). Various conditions may also be imposed as a condition of grant. In addition, the Treasurer of the Commonwealth of Australia, a relevant minister or government agency may need to consent to any grant or transfer of tenement to Iron Road.

Renewal of titles or licences is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable mining legislation.

In addition, the relevant minister or government agency may impose conditions on any renewal, including relinquishment of ground.

(f) Global credit and investment markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of Iron Road and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which Iron Road's

securities trade regardless of operating performance and affect Iron Road's ability to raise additional equity and/or debt to achieve its objectives.

(g) Commodity price risk

Commodity prices fluctuate and are affected by numerous factors beyond the control of Iron Road. These factors include world demand for iron ore (particularly from China), forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions.

Future price declines of iron ore could cause Iron Road's projects to become uneconomic prior to or during production. Prior to production, a decline in iron ore prices, may result in Iron Road's projects not being able to be completed, including because obtaining further project development funding or securing development partners for Iron Road's projects may be restricted.

In the event that Iron Road successfully begins iron ore production, the revenue it will derive through the sale of commodities exposes the potential income of Iron Road to commodity price risks.

These factors may have an adverse effect on Iron Road's exploration, development and production activities, as well as on its ability to fund those activities.

(h) General environmental risks

Mining is an industry which has become subject to increasing environmental responsibility and liability. The potential liability is an ever present risk. Iron Road may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it has not been responsible.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing mining operations to cease or be curtailed, and may require Iron Road to implement corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

(i) Resource and reserve estimates

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and similar examinations.

In addition, resource and reserve estimates are necessarily imprecise and depend to some extent on geological interpretations, as well as various economic, commercial, technical, environment and legal assumptions which may prove to be inaccurate.

Should Iron Road encounter mineralisations or formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect Iron Road's operations.

(j) Taxation and government regulations

Changes in taxation and government legislation in a range of areas (for example, the Corporations Act, accounting standards, and taxation law) can have a significant influence on the outlook for companies and the returns to investors.

The recoupment of taxation losses accrued by Iron Road from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in the jurisdictions in which Iron Road operates. There is no guarantee that Iron Road will satisfy all of these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cash flows of Iron Road.

(k) Reliance on key personnel

Iron Road is reliant on its management. The loss of one or more of these individuals could adversely affect Iron Road. In addition, Iron Road's ability to manage growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees and consultants. Although Iron Road expects to be able to do so in the future, there can be no assurance that Iron Road will be able to attract and retain skilled and experienced personnel and consultants.

(l) Joint venture parties, contractors and agents

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which Iron Road is, or may become a party; or insolvency or other managerial failure by any of the contractors used by Iron Road in any of its activities; or insolvency or other managerial failure by any of the other service providers used by Iron Road for any activity.

(m) Insurance

Iron Road will evaluate obtaining insurance cover for operational and other risks where appropriate, taking into consideration the availability of cover and premium costs and where required under its contractual commitments. There can be no assurance, however, that Iron Road will be able to obtain or maintain such insurance coverage at reasonable rates (or at all), or that any coverage it has or obtains will be adequate and available to cover any such claims.

(n) Share Liquidity

Due to the size and nature of Iron Road, the liquidity of its Shares traded on the ASX can be low. This could impact your ability to sell the Shares that you acquire.

## 5.2 General risk factors

(a) Economic conditions

The performance of Iron Road may be significantly affected by changes in both domestic and world economic conditions. Relevant factors include interest, inflation and exchange rates, changes in fiscal, monetary and regulatory policies and sovereign or political risk in each of the regions in which Iron Road operates.

(b) Share market conditions

As Iron Road is a listed company, the price at which its securities trade will be subject to the numerous influences that may affect both the broad trend in the share market and the share prices of individual companies and sectors. Investors should recognise that the price of New Shares may fall as well as rise.

(c) Capital Availability

Current economic conditions can impact on the availability of debt and equity funding that may be required to support the cash flow of a business. Iron Road's development may be affected by availability of funding which would impact on its ability to establish business operations in the expected time frame and/or at its current levels.

## 6 Important information

This booklet has been prepared by Iron Road. You should read it carefully and in its entirety before deciding whether to invest in New Shares. In particular, you should consider the risk factors outlined in **section 5** of this booklet.

### 6.1 Eligible Retail Shareholders

This booklet contains an offer of New Shares to Eligible Retail Shareholders in Australia and New Zealand.

Eligible Retail Shareholders are those holders of Shares who:

- are registered as a holder of Shares as at 7pm (AEST) on the Record Date;
- have a registered address in Australia or New Zealand or in any other jurisdiction as Iron Road has determined (in its absolute discretion) is eligible to participate in the Entitlement Offer;
- are not in the United States or acting on behalf of a person in the United States;
- were not an institutional Shareholder who received an offer under the Institutional Component (or an Ineligible Institutional Shareholder); and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Notwithstanding the foregoing, Iron Road may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional Shareholder to which an offer was not extended in the Institutional Component (subject to compliance with applicable laws, including the laws of such Shareholders' jurisdiction).

### 6.2 Ineligible Retail Shareholders

The Retail Entitlement Offer will not be extended to Ineligible Retail Shareholders. Iron Road is of the view that it is unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders having regard to the:

- (a) number of Ineligible Retail Shareholders;
- (b) number and value of the New Shares which would be offered to Ineligible Retail Shareholders if they were Eligible Retail Shareholders; and
- (c) costs of complying with the legal requirements, and requirements of the regulatory authorities, in the respective overseas jurisdictions of those Ineligible Retail Shareholders.

To the extent that there are any Ineligible Retail Shareholders who are excluded from the Entitlement Offer, Iron Road will, subject to ASIC's approval, appoint a nominee for the purposes of section 615 of the Corporations Act to arrange for the sale of all of the New Shares which would have been and will not be issued to Ineligible Retail Shareholders.

Iron Road will issue to the nominee the New Shares that would otherwise be issued to Ineligible Retail Shareholders. The nominee must then sell such New Shares at a price and otherwise in a manner determined by the nominee in its sole discretion. Neither Iron Road, nor the nominee will be held liable for the sale of any New Shares at any particular price or the timing of such sale. The nominee will then distribute the proceeds of sale (less the Issue Price and other incidental costs) proportionally to the applicable Ineligible Retail Shareholders. The proceeds of any such sale (if any) will be paid in Australian dollars. If the proceeds of the sale are less than the Issue Price Ineligible Retail Shareholders will not be entitled to any proceeds.

Iron Road will notify all Ineligible Retail Shareholders of the Retail Entitlement Offer and advise them of their rights with respect thereto.

### **6.3 Not investment advice**

The Entitlement Offer to which this booklet relates complies with the requirements of section 708AA of the Corporations Act as notionally modified by ASIC Class Order 08/35.

This booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Iron Road is not licensed to provide financial product advice in respect of the New Shares.

The information in this booklet is not investment or financial product advice. This booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares and does not take into account the investment objectives, financial situation or needs of you or any particular investor. You should conduct your own independent review, investigation and analysis of Iron Road Shares the subject of the Entitlement Offer. You should obtain any professional advice you require to evaluate the merits and risks of an investment in Iron Road before making any investment decision based on your investment objectives.

### **6.4 Information about Iron Road**

The information included in this booklet provides information about Iron Road's activities current as at 2 August 2012. It is information in a summary form and does not purport to be complete. It should be read in conjunction with Iron Road's other periodic and continuous disclosure announcements including Iron Road's annual financial report for the financial year ended 30 June 2011 lodged with ASX on 27 October 2011, Iron Road's half yearly financial report for the six month period ended 31 December 2011 lodged with ASX on 15 March 2012, Iron Road's announcement to the ASX on 2 August 2012 regarding the Entitlement Offer and Iron Road's other announcements to ASX available at [www.asx.com.au](http://www.asx.com.au).

### **6.5 Future performance**

The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar

expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

An investment in Iron Road Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Iron Road. Iron Road does not guarantee any particular rate of return or the performance of Iron Road nor does it guarantee the repayment of capital from Iron Road or any particular tax treatment.

## **6.6 Past performance**

Past performance information given in this booklet is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

## **6.7 Foreign jurisdictions**

The information included in this booklet has been prepared to comply with the requirements of the securities laws of Australia. To the extent that you hold Shares on behalf of another person resident outside Australia, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the personalised Entitlement and Acceptance Form is not in the United States.

The New Shares being offered under this booklet are being offered to Eligible Retail Shareholders with registered addresses in New Zealand in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (NZ). This booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This booklet is not intended to and does not constitute an offer of securities in any jurisdiction in which, or to any person to whom it would not be lawful to make such an offer and no action has been taken to register Shares of Iron Road or otherwise permit a public offering of the Shares in any jurisdiction outside of Australia and New Zealand. Return of the Entitlement and Acceptance Form or your BPAY payment shall be taken by Iron Road to constitute a representation by you that there has been no breach of any such laws. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

This booklet and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Securities may not be offered or sold in the United States absent registration or an

exemption from registration. The New Shares to be offered and sold in the Entitlement Offer have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States, and may not be, offered or sold in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. Accordingly, the New Shares to be offered and sold to Eligible Retail Shareholders will be sold only in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

The distribution of this document outside Australia and New Zealand (or any other jurisdiction determined in Iron Road's absolute discretion) may be restricted by law. In particular, this document or any copy of it must not be taken into, distributed or released in the United States. Persons who come into possession of this document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable shares laws.

## **6.8 Taxation**

Taxation implications will vary depending upon the individual circumstances of individual Eligible Shareholders. Eligible Retail Shareholders should obtain their own professional advice before deciding whether to invest.

## **6.9 Governing law**

This booklet, the Entitlement Offer and the contracts formed on acceptance of an application for New Shares are governed by the laws applicable in New South Wales, Australia. Each Shareholder who applies for New Shares submits to the jurisdiction of the courts exercising jurisdiction in New South Wales, Australia.

## **6.10 Financial data**

All dollar values in this booklet are in Australian dollars (A\$).

## **6.11 Broker stamping fees**

A stamping fee of 1% of Application Monies (exclusive of GST) on New Shares allotted will be paid to stockbrokers (being those entities named as full service (advisory) brokers or non-advisory brokers on the ASX website) who submit a valid claim for a broker stamping fee on successful applications, subject to a fee limit of \$250 (exclusive of GST) for each such application. This fee is to be paid by Iron Road, so you will not incur any fee in respect of your application for New Shares or Shortfall Shares.

## **6.12 ASX waivers**

In order to conduct the Entitlement Offer, Iron Road has sought certain waivers from ASX Listing Rules. ASX has granted Iron Road waivers from ASX Listing Rules 3.20, 7.1, 7.40 and 10.11 subject to a number of conditions including that:

- (a) the Record Date for the Entitlement Offer is no earlier than the sixth business day after the date of announcement of the Entitlement Offer;
- (b) all institutional Shareholders are offered their pro-rata share of the Institutional Component unless ASX Listing Rule 7.7.1 would permit the Shareholder to be excluded from the Entitlement Offer;
- (c) institutional Shareholders who sell down their holdings before 7pm (AEST) on the Record Date have their pro-rata Entitlement reduced accordingly;
- (d) all Shareholders (other than Eligible Institutional Shareholders who receive an offer under the Institutional Component and Ineligible Institutional Shareholders) are offered their pro-rata share of the Retail Entitlement Offer unless ASX Listing Rule 7.7.1 would permit the Shareholder to be excluded from the Retail Entitlement Offer;
- (e) New Shares are offered under the Institutional Component and Retail Entitlement Offer at the same price; and
- (f) related parties of Iron Road do not participate beyond their pro-rata share other than under bona fide underwriting arrangements that are disclosed in this booklet.

### **6.13 Rounding of Entitlements**

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

### **6.14 Disclaimer of representations**

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this booklet.

Any information or representation that is not in this booklet may not be taken as having been authorised by Iron Road, or its related bodies corporate in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of Iron Road, or any other person, warrants or guarantees the future performance of Iron Road or any return on any investment made pursuant to this booklet.

### **6.15 Privacy**

Any personal information included on an Entitlement and Acceptance Form is used for the purposes of processing the Entitlement and Acceptance Form and to administer your holding of New Shares. By submitting an Entitlement and Acceptance Form, you agree that Iron Road may use the information provided on the form for the purposes set out in this privacy statement and may disclose it for those purposes to the Share Registry and Iron Road's related bodies corporate, agents and contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

The Corporations Act requires Iron Road to include information about each Shareholder (including name, address and details of the Shares held) on the Register. The information contained on the Register must remain there even if you cease to be a Shareholder. Information contained on the Register is also used to facilitate payments and corporate communications (including Iron Road's financial results, annual reports and other information that Iron Road wishes to communicate to its security holders) and compliance by Iron Road with legal and regulatory requirements.

#### **6.16 Defined terms**

Some capitalised words and expressions used in this booklet are defined in the glossary in **section 7**.

## 7 Glossary

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<b>AEST</b>	Australian Eastern Standard Time
<b>Applicant</b>	An Eligible Retail Shareholder who has applied to subscribe for New Shares and/or Shortfall Shares by submitting an Entitlement and Acceptance Form or arranging payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form
<b>Application</b>	An application to subscribe by submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form
<b>Application Monies</b>	Monies payable by Applicants in respect of Applications
<b>ASIC</b>	The Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as applicable
<b>ASX Listing Rules</b>	The official listing rules of ASX, as amended or waived by ASX from time to time
<b>Board</b>	The board of Directors of Iron Road
<b>CEIP</b>	The Central Iron Ore Project, Iron Road's principal iron ore mining project located on the Eyre Peninsula in South Australia
<b>Closing Date</b>	4 September 2012, the date the Retail Entitlement Offer closes (unless extended)
<b>Corporations Act</b>	<i>Corporations Act 2001 (Cth)</i>
<b>DFS</b>	The definitive feasibility study of the CEIP currently being undertaken by Iron Road
<b>Director</b>	A director of Iron Road

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<b>Eligible Institutional Shareholder</b>	An institutional or sophisticated Shareholder at 7pm (AEST) on the Record Date who: <ul style="list-style-type: none"> <li>(a) is not an Ineligible Institutional Shareholder; and</li> <li>(b) has successfully received an offer under the Institutional Component (either directly or through a nominee)</li> </ul>
<b>Eligible Retail Shareholder</b>	A Shareholder who falls within the description set out in <b>section 6.1</b>
<b>Eligible Shareholder</b>	A Shareholder who is either an Eligible Institutional Shareholder or an Eligible Retail Shareholder
<b>Entitlement</b>	The entitlement to 31 New Shares for every 40 Shares held at 7pm (AEST) on the Record Date. The Entitlement of each Eligible Retail Shareholder is shown on the Entitlement and Acceptance Form
<b>Entitlement and Acceptance Form</b>	The Entitlement and Acceptance Form accompanying this booklet
<b>Entitlement Offer</b>	The non-renounceable pro-rata offer of 31 New Shares for every 40 Shares held by an Eligible Shareholder at 7pm (AEST) on the Record Date at the Issue Price
<b>GIP</b>	The Gawler Iron Project, an iron ore project located in northern South Australia
<b>Ineligible Shareholder</b>	A Shareholder who is either an Ineligible Institutional Shareholder or an Ineligible Retail Shareholder
<b>Ineligible Institutional Shareholder</b>	An institutional or sophisticated Shareholder at 7pm (AEST) on the Record Date with an address on the Register outside Australia and New Zealand, unless Iron Road is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board, in its sole discretion, regards as acceptable and not unduly onerous
<b>Ineligible Retail Shareholder</b>	A Shareholder which is not an Eligible Retail Shareholder
<b>Institutional Component</b>	The accelerated pro rata non-renounceable offer to Eligible Institutional Shareholders
<b>Iron Road</b>	Iron Road Limited ACN 128 698 108

<b>Issue Price</b>	\$0.32 per New Share
<b>New Shares</b>	All shares to be allotted and issued under the Entitlement Offer, including the Shortfall Shares
<b>Record Date</b>	13 August 2012
<b>Register</b>	The register of Shareholders required to be kept under the Corporations Act
<b>Retail Entitlement Offer</b>	The pro rata non-renounceable offer to Eligible Retail Shareholders to subscribe for 31 New Shares for every 40 Shares of which the Shareholder is the registered holder at 7pm (AEST) on the Record Date, at the Issue Price
<b>Sentient Fund IV</b>	Sentient Global Resources Fund IV, L.P of Landmark Square, 1st Floor, 64 Earth Close, P.O. Box 715, Grand Cayman KY1-1107, Cayman Islands
<b>Sentient Group</b>	The following limited partnerships: <ul style="list-style-type: none"> <li>(a) Sentient Global Resources Fund II, L.P.</li> <li>(b) Sentient Global Resources Fund III, L.P.</li> <li>(c) Sentient Global Resources Fund IV, L.P.</li> </ul>
<b>Share</b>	A fully paid ordinary share in Iron Road
<b>Share Registry</b>	Security Transfer Registrars Pty Limited ACN 008 894 488
<b>Shareholder</b>	A holder of Shares in Iron Road
<b>Shortfall</b>	The number of New Shares which were not applied for by Eligible Shareholders pursuant to their respective Entitlements
<b>Shortfall Facility</b>	The offer to subscribe for New Shares in excess of a Shareholder's Entitlement as described in <b>section 3.5</b>
<b>Shortfall Shares</b>	New Shares applied for by an Eligible Shareholder under the Shortfall Facility that are in excess of that Eligible Shareholder's Entitlement
<b>Underwriter</b>	CIBC Australia Ltd ACN 000 067 256
<b>Underwriting Agreement</b>	The underwriting agreement dated on or about 1 August 2012 between Iron Road and the Underwriter

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**U.S. Securities Act**      The United States Securities Act of 1933

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## 8 ASX Offer Announcement

## FULLY UNDERWRITTEN \$40M CAPITAL RAISING TO CONTINUE DEVELOPMENT OF EXPANDED CENTRAL EYRE IRON PROJECT

**Iron Road Limited** (**Iron Road**, ASX: IRD) today announced a fully underwritten 31-for-40 accelerated non-renounceable entitlement offer (the **Entitlement Offer**) of new Iron Road shares (**New Shares**) at an offer price of \$0.32 per New Share (**Offer Price**) to raise approximately \$40 million. The Entitlement Offer comprises an institutional component (the **Institutional Component**) and a retail component (**Retail Entitlement Offer**). The Entitlement Offer is fully underwritten by CIBC Australia Ltd (the **Underwriter**).

Funds raised from the Entitlement Offer will be used to continue the significant progress made to date on the Definitive Feasibility Study (**DFS**) for the expanded Central Eyre Iron Project (**CEIP**), which is evaluating annual production of **20 million tonnes** of premium iron product as well as initiating associated land acquisitions.

Iron Road will also devote funds from the Entitlement Offer to the completion of a scoping study for the smaller Gawler Iron Project, which may offer the opportunity for development of an initial revenue generating project, ahead of the CEIP.

### Highlights

- The ongoing DFS work includes evaluation of an expanded production profile for CEIP which offers significant scope for operating cost reduction and reduced unit cost per installed tonne of export capacity.
- Gawler Iron Project offers potential for development on a shorter timeframe than required for CEIP.
- High calibre team now in place enables Iron Road to grow the company's iron ore business.
- Entitlement Offer fully underwritten by CIBC Australia Ltd, a wholly owned subsidiary of Canadian Imperial Bank of Commerce, a major Canadian chartered financial institution.
- The Retail Entitlement Offer is fully sub-underwritten by major Iron Road shareholder, and private equity resources fund, the Sentient Group.

Iron Road's Managing Director, Mr Andrew Stocks, said the Entitlement Offer was intended to underpin the current DFS underway for a significantly expanded CEIP.

“Progress on the CEIP has been significant and our decision to seek an expanded level of production has evolved the project considerably over the last year. We are now working to open a new iron ore province in South Australia, with the potential to become a key player in the Australian iron ore industry,” Mr Stocks said.

“Realising the potential of CEIP requires a sustained, determined effort. Iron Road also has supportive major shareholders who likewise see the need to continue our progress if we are to successfully develop CEIP.

“I am also pleased to be able to invite our other valued shareholders to participate alongside these shareholders and will offer a shortfall facility for our investors,” Mr Stocks said.

### **Project Overview**

The DFS currently underway builds on the successful prefeasibility study completed in 2011, which found that a smaller 12.4 Mtpa operation was feasible, with competitive operating costs, premium sales pricing potential, and with capital costs comparable to similar projects currently under construction.

With a DFS in hand, Iron Road hopes to be able to demonstrate the value present at CEIP, as well as allowing detailed discussions with potential project partners and capital providers.

Expansion of the level of production under the DFS, to 20 Mtpa, potentially offers significant project improvements over the already strong PFS case. The larger base offers the potential for a further reduction in operating costs due to more efficient use of infrastructure as well as lowering the unit cost per installed tonne of export capacity.

Concurrent with the ongoing studies under the DFS, Iron Road continues drilling at the CEIP, with a mineral resource upgrade expected at the Rob Roy area of the deposit by year end.

The scoping study for the Gawler Iron Project will evaluate the potential for a smaller scale, faster start up project. Gawler exhibits a number of positive characteristics including excellent beneficiation characteristics and further exploration upside. Iron Road recently moved to 90% ownership of this project.

### **Fully Underwritten Capital Raising**

Approximately 124.9 million New Shares will be issued as a result of the Entitlement Offer and will rank equally with existing shares in Iron Road.

The Offer Price represents:

- a 16% discount to the 20 day volume weighted average price of \$0.38 for Iron Road shares on 30 July 2012, the last trading day prior to the announcement of the Entitlement Offer; and
- an 8.1% discount to the Theoretical Ex-Rights Price<sup>2</sup>.

Eligible shareholders will be able to subscribe for 31 New Shares for every existing 40 Iron Road shares held at 7pm (AEST) on Monday 13 August 2012 (**Record Date**).

Key dates of the Entitlement Offer are provided in the table overleaf.

### **Institutional Component**

Certain institutional shareholders have committed to the Underwriter that they will take up their full entitlement under the Institutional Component, representing approximately 16% of the Entitlement Offer as a whole.

The Sentient Group, Iron Road's largest shareholder, has agreed with the Underwriter to fully sub-underwrite the Retail Entitlement Offer.

The settlement and allotment of New Shares under the Institutional Component is expected to occur on 15 August 2012 and 16 August 2012, respectively.

### **Retail Entitlement Offer**

Iron Road retail shareholders with a registered address in Australia, New Zealand (or in any other jurisdiction as Iron Road has determined is eligible to participate in the Entitlement Offer) on the Record Date (**Eligible Retail Shareholders**) will be entitled to participate in the Retail Entitlement Offer at the same Offer Price and the same offer ratio as the Institutional Component. Eligible Retail Shareholders will be entitled to acquire 31 New Shares for every 40 existing Iron Road shares held on the Record Date. Fractional Entitlements to New Shares will be rounded up. The Retail Entitlement Offer will open 10am AEST on Tuesday 14 August 2012 and will close 5pm AEST Tuesday 4 September 2012.

If Eligible Retail Shareholders do not take up their Entitlements in full, the shortfall will be allocated to those shareholders who apply for additional New Shares (**Shortfall Facility**). If applications exceed the shortfall, the shortfall will be allocated on a proportionate basis having regard to the relative registered holdings on the Record Date of all shareholders who have applied for shortfall shares under the Shortfall Facility. Any scale back will be subject to the availability of shortfall

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<sup>2</sup> The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which Iron Road shares should trade after the ex-rights date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. TERP is calculated by reference to Iron Road's closing price on 30 July 2012 of \$0.37 per share, being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Iron Road shares trade following the ex-rights date will depend on a variety of factors and may not equal or approximate to TERP

shares and at Iron Road's absolute discretion. The Sentient Group will not be eligible to participate in any Shortfall Facility.

The terms and conditions on which Eligible Retail Shareholders are entitled to participate in the Retail Entitlement Offer and further details about the Retail Entitlement Offer will be set out in a retail offer booklet<sup>3</sup>, which Iron Road expects to lodge with ASX on Thursday 2 August 2012, and despatch on or around, Tuesday 14 August, 2012.

As the Entitlement Offer is non-renounceable, there will be no trading of entitlements.

### Entitlement Offer Timetable

Event	Date (2012)
Announcement of Entitlement Offer and commitment under Institutional Component	Thursday, 2 August
Record Date (7pm AEST)	Monday, 13 August
Retail Entitlement Offer opens	Tuesday, 14 August
Settlement of Institutional Component	Wednesday, 15 August
Issue of New Shares under the Institutional Component; normal trading of New Shares issued under the Institutional Component commences	Thursday, 16 August
Retail Entitlement Offer closes (5pm AEST)	Tuesday, 4 September
Announcement of Retail Entitlement Offer results	Friday, 7 September
Settlement of Retail Entitlement Offer	Monday, 10 September
Issue of New Shares under the Retail Entitlement Offer	Tuesday, 11 September
Normal trading of New Shares issued under the Retail Entitlement Offer commences	Wednesday, 12 September

### Important Information

This announcement does not constitute an offer of securities in any jurisdiction in which, or to any person to whom it would not be lawful to make such an offer. In particular, this announcement and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. This announcement has been prepared for publication only in Australia and New Zealand, and may not be released elsewhere, including in the United States.

<sup>3</sup> Additional eligibility criteria will be set out in the Retail Offer Booklet

The New Shares offered in the Entitlement Offer have not been, and will not be, registered under the U.S. Securities Act of 1933 (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered or sold in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

This announcement contains forward-looking statements, opinions and estimates including statements regarding the future development of Iron Road's projects, the progress and outcome of the scoping and feasibility studies and the outcome and use of proceeds of the Entitlement Offer. Forward-looking statements can generally be identified by the use of forward-looking words such as "may," "should," "expect," "anticipate," "estimate," "scheduled" or "continue" or the negative thereof or comparable terminology. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Iron Road's control, and which may cause actual results to differ materially from those expressed in the statements contained in this letter and the attached materials. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to Iron Road as of the date of this letter. Except as required by law or regulation (including the ASX Listing Rules), Iron Road undertakes no obligation to update these forward-looking statements.

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Iron Road's principal project is the Central Eyre Iron Project, South Australia. The wholly owned Central Eyre Iron Project is a collection of three iron occurrences (Warrambo, Kopi & Hambidge) with an exploration potential of 2.8-5.7 billion tonnes of magnetite gneiss at a grade of 18-25 % iron\*.

\* Coffey Mining (Iron Road Limited ASX announcement 01 September 2009).

*\* It is common practice for a company to comment on and discuss its exploration in terms of target size, grade and type. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo, Dolphin and Murphy South prospect.*



*The information in this report that relates to exploration targets at the Central Eyre Iron Project is based on and accurately reflects information compiled by Mr Albert Thamm, Coffey Mining, who is a consultant and advisor to Iron Road Limited and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Thamm has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Thamm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears on 31 August, 2009 in West Perth.*