

## FULLY UNDERWRITTEN CAPITAL RAISING TO COMPLETE CENTRAL EYRE IRON PROJECT FEASIBILITY STUDY AND EVALUATION OF SHORTER TERM PRODUCTION POTENTIAL

**Iron Road Limited (Iron Road, ASX: IRD)** is pleased to announce a fully underwritten one-for-one non-renounceable entitlement offer (the **Entitlement Offer**) of new Iron Road shares (New Shares) at an offer price of \$0.18 per New Share (**Offer Price**) to raise approximately \$50.7 million (after the costs of the Entitlement Offer). The Entitlement Offer is fully underwritten by two of Iron Road's major shareholders, and private equity resources funds, being Sentient Global Resources Fund III, L.P. and Sentient Global Resources Fund IV, L.P. (together the **Underwriters**).

Iron Road expects to complete the definitive feasibility study (**DFS**) for the Central Eyre Iron Project (**CEIP**) at the end of this year, and intends to proceed to financing, construction and ultimately production thereafter. CEIP was recently confirmed as hosting the largest Measured+Indicated magnetite resource in Australia and among the 20 largest in the world.

The Entitlement Offer will provide funding to complete the DFS, as well as enabling Iron Road to continue strategic acquisitions of property to support the combined mining, processing, rail and port operation. Iron Road's smaller scale Gawler Iron Project (**GIP**) will also receive a portion of the funds to formally establish, beyond the current scoping study, the potential for shorter term production with lower capital outlay.

Iron Road Managing Director, Mr Andrew Stocks, said the greatest value that could be delivered to shareholders would be a successful move to construction and operation of the CEIP, following DFS and financing completion.

"We expect the DFS will demonstrate the economics of our project and provide the foundation we need to complete financing and partnership discussions for what would be the country's largest magnetite project, targeting 20 million tonnes per annum of high grade concentrate." said Mr Stocks.

"We are now at the tail end of the significant undertaking that is the DFS. Covering mining and beneficiation studies, rail, port and social infrastructure as well as marketing and various impact assessments, the DFS is a substantial undertaking that we expect to provide a strong foundation for the future of the CEIP."

"We recognise that this is a major capital raising, particularly when considering the backdrop of recent poor market sentiment towards the iron ore sector, even for those in production. However, we have no doubt that hibernating our company until better market conditions arise is the wrong

thing to do. This close to the finish line is not the right time to halt progress and set our projects back by months or even years.”

“The Entitlement Offer will allow us to finish the DFS as well as continue approval processes well into 2014. A highly concentrated seaborne iron ore supply market coupled with anticipated demand growth from China and other developing markets is expected to continue to require new sources of supply. With recent testing in China confirming the product is well suited for Chinese steel mills, we are firmly aiming to become one of those new suppliers, enabling significant value to be generated for our shareholders.”

“Alongside the CEIP we’ll also be devoting additional funds to the GIP, to allow us to continue development post completion of the current scoping study. The GIP offers us the potential for a 1-2Mtpa development which would provide early sustaining cash flows using established rail and port options and providing the market with an early look at product similar to that which will be produced from the CEIP.”

“Backed by the funds from the Entitlement Offer, and with the strong support of our major shareholders, I look forward to delivering the DFS and continuing to demonstrate the development pathway for Iron Road.”

Further details of Iron Road’s strategy and growth profile can be reviewed in the accompanying investor road show presentation “Entitlement Offer: Securing the pathways to production”.

### **Fully underwritten capital raising**

Approximately 291 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 21.1% discount to the 60 day volume weighted average price of \$0.228 for Iron Road shares on 7 June 2013, and
- a 15.9% discount to the 20 day volume weighted average price of \$0.214 for Iron Road shares on 7 June 2013, and
- no discount to the Theoretical Ex-Rights Price<sup>1</sup> (as the Offer Price is equal to the last closing price on 7 June 2013).

Shareholders will be able to subscribe for one New Share for every existing one Iron Road share held at 7pm (AEST) on Friday, 21 June 2013 (**Record Date**).

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<sup>1</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 7 June 2013 of \$0.18 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.

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

### **Entitlement Offer**

Iron Road shareholders on the Record Date (**Eligible Shareholders**) will be entitled to participate in the Entitlement Offer. Eligible Shareholders will be entitled to acquire one New Share for every existing Iron Road share held on the Record Date. The Entitlement Offer will open at 10am AEST on Tuesday, 25 June 2013 and will close at 5pm AEST on Tuesday, 16 July 2013.

Subject to the *Corporations Act* 2001 (Cth) (**Corporations Act**), the requirements of the ASX Listing Rules and any other applicable laws, if Eligible Shareholders do not take up their entitlements in full, the shortfall will be allocated to those Eligible Shareholders who are not:

- (a) the Underwriters or any sub-underwriter of the Entitlement Offer;
- (b) a related party (as defined in the ASX Listing Rules) of Iron Road; or
- (c) a related party or associate (as defined in section 12 of the Corporations Act) of the Underwriters,

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 Eligible Shareholders who have applied for shortfall shares under the Shortfall Facility.

Iron Road has appointed CIBC Australia Ltd (a wholly owned subsidiary of Canadian Imperial Bank of Commerce) and Blue Ocean Equities Pty Limited as joint shortfall managers to the Entitlement Offer to assist Iron Road with the placement to sophisticated and professional investors of any remaining shortfall under the Entitlement Offer after applications under the Shortfall Facility have been fulfilled. To the extent there is sufficient demand for such remaining shortfall, this will be conducted by way of an institutional bookbuild following the close of the Entitlement Offer.

Any shortfall remaining after these processes will be subject to the underwriting arrangements with the Underwriters.

The terms and conditions on which Eligible Shareholders are entitled to participate in the Entitlement Offer and further details about the Entitlement Offer will be set out in an offer booklet to be lodged with ASX today, and which Iron Road expects to despatch on or around, Tuesday, 25 June 2013.

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

## Entitlement Offer Timetable

<b>Event</b>	<b>Date (2013)</b>
<b>Announcement of the Entitlement Offer</b>	Thursday, 13 June 2013
<b>Ex-date</b>	Monday, 17 June 2013
<b>Record Date (7pm AEST)</b>	Friday, 21 June 2013
<b>Despatch of Offer booklet and Entitlement and Acceptance Forms</b>	Tuesday, 25 June 2013
<b>Entitlement Offer opens</b>	
<b>Entitlement Offer closes (5pm AEST)</b>	Tuesday, 16 July 2013
<b>Commencement of deferred settlement trading on ASX</b>	Wednesday, 17 July 2013
<b>Shortfall bookbuild opens</b>	
<b>Iron Road notifies ASX of under subscriptions</b>	Friday, 19 July 2013
<b>Shortfall bookbuild closes</b>	
<b>Issue of New Shares under Entitlement Offer</b>	Wednesday, 24 July 2013
<b>Deferred settlement trading ends</b>	
<b>Issue of New Shares pursuant to subscriptions under the Shortfall bookbuild (if any) following settlement</b>	
<b>Notify Underwriters of under subscriptions</b>	
<b>Normal trading of New Shares commences</b>	Thursday, 25 July 2013
<b>Issue of New Shares to Underwriters</b>	Tuesday, 30 July 2013

## 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.

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.

### For further information, please contact:

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Iron Road's principal project is the Central Eyre Iron Project (CEIP) in South Australia. The wholly owned CEIP 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\*.

A prefeasibility study has demonstrated the viability of a mining and beneficiation operation initially producing 12.4Mtpa of premium iron concentrate for export. A definitive feasibility study is currently assessing production of 20Mtpa of iron concentrates.

Metallurgical test work indicates that a coarse-grained, high grade, blast furnace quality concentrate may be produced at a grind size of -106µm grading 67% iron with low impurities.

*\*Coffey Mining (Iron Road Ltd 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 an exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo and Murphy South/Rob Roy prospect.*



*The information in this letter that relates to global 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 Ltd 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". Coffey Mining consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this letter that relates to Resources estimated for the Boo-Loo prospect is based on and accurately reflects information compiled by Mr Ian MacFarlane, Coffey Mining, who is a consultant and advisor to Iron Road Ltd and a Fellow 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". Coffey Mining consents to the inclusion in this letter of the matters based on his information in the form and context in which it appears.*

*The information in this letter that relates to Resources estimated for the Murphy South – Rob Roy prospect is based on and accurately reflects information compiled by Ms Heather Pearce, who is a full time employee of Iron Road Ltd. This estimation was subject to peer review by Dr Isobel Clark of Xstract Mining Consultants. Dr Clark has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which she 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". Xstract Mining Consultants consents to the inclusion in this letter of the matters based on the information in the form and context in which it appears.*