

13 June 2013

The Manager  
Company Announcements Office  
ASX Limited

### **Iron Road Ltd – Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)**

Iron Road Ltd ACN 128 698 108 (**Company**) has today announced a pro-rata non-renounceable offer of approximately 291 million fully paid, ordinary shares (**New Shares**), each at an issue price of \$0.18 a share on the basis of 1 New Share for every 1 existing fully paid ordinary share in the Company which is held as at 7.00 pm (AEST) on the record date of Friday, 21 June 2013 (**Offer**).

The Offer is fully underwritten by Sentient Global Resources Fund III, L.P (**Sentient Fund III**) and Sentient Global Resources Fund IV, L.P (**Sentient Fund IV**) (together the **Underwriters**), funds advised by the Sentient Group and the Company's largest shareholders.

Subject to the *Corporations Act 2001 (Cth)* (**Corporations Act**), the requirements of the ASX Listing Rules and any other applicable laws, a shortfall facility will be made available to eligible shareholders other than:

- the Underwriters or any sub-underwriters of the Offer;
- a related party (as defined in the ASX Listing Rules) of the Company; or
- a related party or associate (as defined in section 12 of the Corporations Act) of the Underwriters,

to subscribe for additional New Shares in excess of their entitlement (**Shortfall Facility**).

The Company has also appointed CIBC Australia Ltd ACN 000 067 256 and Blue Ocean Equities Pty Limited ACN 151 186 935 (**Joint Shortfall Managers**) to assist the Company with the placement to sophisticated and professional investors of any remaining shortfall under the Offer after applications under the Shortfall Facility have been fulfilled. To the extent there is sufficient demand for any such remaining shortfall, this will be conducted by way of an institutional bookbuild following the close of the Offer. The Underwriters will take up any remaining shortfall after this process.

This notice is given by the Company under section 708AA(2)(f) of the Corporations Act as notionally modified by Australian Securities and Investments Commission Class Order 08/35.

The Company gives notice that:

- 1 the Company will offer the shares under the Offer without disclosure to investors under Part 6D.2 of the Corporations Act;
- 2 as at the date of this notice, the Company has complied with:
  - (a) the provisions of Chapter 2M of the Corporations Act insofar as they apply to the Company; and
  - (b) section 674 of the Corporations Act;

- 3 as at the date of this notice, there is no excluded information (as defined in section 708AA(8) and 708AA(9) of the Corporations Act) which is required to be disclosed by the Company; and
- 4 the potential effect that the issue of the shares under the Offer will have on the control of the Company and the consequences of that effect are as follows:
- (a) if all eligible shareholders take up their entitlements, each eligible shareholder's percentage interest in the total issued share capital of the Company will remain the same and will not be diluted;
  - (b) to the extent that eligible shareholders do not take up their entitlements, following the close of the Offer, the percentage shareholding of eligible shareholders will alter;
  - (c) no shareholder will increase their voting power in the Company from below 20% to above 20% as a result of the Offer;
  - (d) there are three Sentient shareholders in the Company advised by the Sentient Group, being Sentient Executive GP II, Limited, Sentient Executive GP III, Limited, and Sentient Executive GP IV, Limited (**Sentient Shareholders**) which are the general partners of Sentient GP II, L.P., Sentient GP III, L.P. and Sentient GP IV, L.P, respectively which in turn are the general partners of Sentient Global Resources Fund II, L.P. (**Sentient Fund II**), Sentient Fund III, and Sentient Fund IV, respectively (**Sentient Funds**);
  - (e) as general partners of the general partners of the Sentient Funds, each of the Sentient Shareholders hold their shares in the Company as a fiduciary of their respective Sentient Fund;
  - (f) as at 13 June 2013, the Sentient Funds have aggregate voting power of 57.6 % in the Company. The Sentient Funds currently have the capacity to control the Company because collectively the Sentient Funds have sufficient voting power to pass resolutions to remove or appoint directors and therefore have the capacity to determine the composition of the board and to control the financial and operating policies of the Company;
  - (g) Sentient Fund II presently does not intend to take up its entitlement under the Offer and Sentient Fund III and Sentient Fund IV each presently intends to take up its full entitlement under the Offer. However, each of the Sentient Funds reserves the right to change its intentions. Should any of the Sentient Funds not take up its entitlement in full, the New Shares not taken up will form part of the shortfall that will be subject to the Shortfall Facility and, if not taken up by other shareholders under the Shortfall Facility or by applicants procured by the Joint Shortfall Managers, will be subject to the underwriting arrangements with the Underwriters;
  - (h) following the close of the Offer, as a result of New Shares which may be issued to any of the Sentient Funds that take up their entitlements or to the Underwriters under the Underwriting Agreement, the voting power of the Sentient Funds in the Company is expected to increase;
  - (i) the table below illustrates the possible effects of the Offer on the voting power of the Sentient Funds, including the Underwriters;

	<b>Impact on the Sentient Funds' voting power</b>
Shares held by Sentient Funds prior to Offer	167,578,071
% voting power of Sentient Funds prior to Offer	57.6%
Maximum number of shares which may be issued under the Offer	Approximately 291 million New Shares
% voting power of Sentient Funds following the Offer assuming no shortfall*	Approximately 52.6%
% voting power of Sentient Funds following the Offer assuming 25% shortfall*	Approximately 59.1%
% voting power of Sentient Funds following the Offer assuming 50% shortfall*	Approximately 65.7%
% voting power of Sentient Funds following the Offer assuming 75% shortfall*	Approximately 72.2%
% voting power of Sentient Funds following the Offer assuming 100% shortfall*	Approximately 78.8%

\*Note: For the purposes of this table, the Shortfall is 152,521,386 New Shares, being the maximum number of New Shares which may be issued under the Offer less the entitlements of Sentient Fund III and Sentient Fund IV.

- (j) as set out in the table above, the maximum increase in the voting power of the Sentient Funds will occur where no eligible shareholders (other than Sentient Fund III and Sentient Fund IV) take up their entitlements and the Underwriters take up all of the New Shares under the Offer. This would result in the aggregate voting power of the Sentient Funds increasing to approximately 78.8%;
- (k) following the close of the Offer, the Sentient Funds would have the ability to increase their voting power by up to 3% every six months under the "creep" provisions in item 3 of section 611 of the Corporations Act;
- (l) in order to pass a special resolution at a meeting of the Company's shareholders, at least 75% of votes cast must be in favour of the resolution. If the voting power of the Sentient Funds increases to 75% or higher as a result of the Offer or otherwise, they would have the power to pass a special resolution at a meeting of the Company's shareholders (for example to amend the constitution of the Company);
- (m) the Company's shares are already an illiquid stock and trading volumes for the 30 day period ending 7 June 2013 and for the 60 day period ending 7 June 2013 are 1,535,582 (representing 0.53% of the Company's current issued capital) and 2,484,720 (representing 0.85% of the Company's current issued capital) respectively. If the Sentient Funds increase their voting power as a result of the Underwriters taking up any shortfall not taken up by other shareholders or by applicants procured by the Joint Shortfall Managers, the market for the Company's shares would be expected to be even less liquid or less active than at present; and

- (n) it is the current intention of the Underwriters and the other Sentient Fund to support the continued ASX listing of the Company's shares. Please refer to section 2.9 of the offer booklet dated 13 June 2013 for further important details regarding the intentions of the Sentient Funds. The continued listing of the Company will also be subject to the Company satisfying the ongoing requirements under the ASX Listing Rules (including there being a sufficient number and spread of the Company's shareholders). Under the ASX Listing Rules a listed company must maintain a spread of holdings which, in ASX's opinion, is sufficient to ensure that there is an orderly and liquid market in its securities. ASX may suspend and eventually delist a company which does not meet its spread requirements.

**Iron Road Ltd**



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**Graham Anderson  
Company Secretary**