



ASX QUARTERLY ACTIVITIES REPORT

For the period ended 31 March 2016



About Iron Road

Iron Road Limited is the developer of the Central Eyre Iron Project (CEIP), located on the Eyre Peninsula in South Australia.

The CEIP is a long life proposal, which will produce a high grade, low impurity iron concentrate for export to Asia. The product will attract a quality premium over reference iron ore prices, and is expected to have substantial benefits for steel mill customers in pollution reduction and operating costs.

Iron Road has signed Memorandum of Understanding with five leading Chinese steel mills, including Shandong Iron & Steel. An infrastructure funding MoU has also been signed with AIXI Investments.

A definitive feasibility study (DFS) supported by a subsequent optimisation study, has credibly demonstrated a highly industry competitive operating cost profile for a mining, beneficiation and infrastructure solution producing +20 million tonnes per annum of premium iron concentrates for export over an initial mine life of 30 years.

The Company has a multi-disciplinary Board and management team that are experienced in the areas of exploration, project development, mining, steel making and finance.

ASX: IRD

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Highlights

Central Eyre Iron Project

- Agreement signed with a wholly owned subsidiary of China Railway Group Limited (CRGL), the largest integrated construction group in Asia and second largest construction contractor globally by revenue.
- Three party agreement signing between Iron Road Limited, Shandong Iron & Steel Group Co Limited (ShanSteel) and a wholly owned subsidiary of China Railway Group Limited.
- Iron Road and Emerald Grain announce partnership to explore opportunities to access planned Central Eyre Iron Project (CEIP) rail and port infrastructure; continues MoU signed with Emerald Grain in February 2014.
- Preparations underway to call for expressions of interest later this year for third parties interested in accessing the proposed export facilities once operational.
- CEIP Ore Reserve increase of 78% from 2.1Bt to 3.7Bt at a grade of 15% iron (product grade 66.7% iron), the largest magnetite Ore Reserve in Australia and amongst the largest globally.
- Public consultation period for Mining Lease Proposal (under the Mining Act, 1971) and Environmental Impact Statement (under the Development Act, 1993) closed on 2 February 2016.
 - Total of 105 public submissions received, the majority expressing support for the CEIP.
 - Preparation of Response Documents to the SA Government underway to address queries raised.

Central Eyre Iron Project (CEIP)

Strategic Co-operation Agreement – China Railway Group Limited (CRGL)

In support of the project development, Iron Road is assembling a consortium of aligned organisations with interests in iron concentrate offtake, mining and mineral processing, electricity supply, rail, port logistics and related activities.

On 5 April 2016 Iron Road announced the signing of a Strategic Co-operation Agreement with a wholly owned subsidiary of CRGL, Asia's largest integrated construction group by revenue and currently ranked number one in the Engineering News Records list of the world's Top 250 Global Construction Companies.



Iron Road Chairman Dr Peter Cassidy (seated left) and China Railway Oriental International Group (CROICC) Managing Director Mr Cai Ze Min (seated right), with dignitaries including (standing at rear from left to right) the Hon Martin Hamilton-Smith – Minister for Investment and Trade, Hon Jay Weatherill – Premier of South Australia, Mr Chen Zhi Gong – Chairman of CROICC and Mr Liu Weizhi, Vice President of CROICC during the signing ceremony held in Beijing, China.

The signing ceremony was held in Beijing as part of a South Australian Government Trade Mission to China. Present at the ceremony were senior representatives of Iron Road, CRGL, the State Development and Investment Corporation of China and the South Australian Government, including the Hon Jay Weatherill, Premier of South Australia and the Hon Martin Hamilton-Smith, Minister for Investment and Trade.

The agreement with CRGL aims to achieve a Final Investment Decision point for the CEIP through a number of structured activities as part of a Project Commercialisation Programme, including:

- Finalising the construction and operations strategy through a package of bankable construction contracts for the CEIP, with CRGL and agreed third parties;
- Executing long-term iron concentrate sales contracts;
- Refining the definitive feasibility and optimisation studies to incorporate the financing plan;
- Developing a regional infrastructure plan to identify and evaluate further export opportunities;
- Securing government approvals;
- Procuring equity investment commensurate with the acquisition of a portion of the CEIP to enable a total funding solution to be realised; and

- Facilitating and obtaining sufficient written binding debt commitments from external debt financiers for the Project.

Importantly, CRGL anticipates making a direct investment of up to 15% of the total equity funding task and subscribing for 10Mtpa of CEIP concentrate in its own right, pending a positive Final Investment Decision.

CRGL’s subsidiary has entered into a twelve month exclusivity agreement with Iron Road, as the prime construction contractor for the CEIP. In return, consultancy services will be made available by CRGL to a Special Purpose Vehicle wholly owned by Iron Road, equivalent in value to A\$5 million, for use during the project commercialisation phase. CRGL will also be undertaking a number of its’ own additional internal activities in support of the Project Commercialisation Programme.

Tripartite Co-operation Agreement – China Railway Group and Shandong Iron & Steel

On 6 April 2016 Iron Road announced the signing of an historic three party agreement between Iron Road, China Railway Oriental International Construction Corporation, a wholly owned subsidiary of China Railway Group Limited (CRGL) and Shandong Iron and Steel (ShanSteel), China’s seventh largest steel producer. The signing ceremony was held in the Shandong Provincial capital of Jinan as part of the South Australian Government’s Trade Mission to celebrate the 30th Anniversary of the Shandong-South Australia Sister State Relationship.



Seated (left to right) are ShanSteel President Mr Tao Deng Kui, Iron Road Chairman Dr Peter Cassidy and China Railway Oriental International Construction Corporation Managing Director Mr Cai Ze Min during the tripartite signing ceremony, observed by (left to right) Kym Winter-Dewhirst – Chief Executive of the Dept of Premier and Cabinet, Hon Martin Hamilton-Smith – Minister for Investment & Trade, Hon Jay Weatherill – Premier of South Australia, Mr Xia Geng Vice Governor Shandong Province and other senior Shandong Provincial Government representatives, held in Jinan, China.

Under the Tripartite Co-operation Agreement, Iron Road, CRGL and ShanSteel have identified an opportunity to co-operate and collaborate to enhance the long term value of the CEIP through evaluation

of a joint strategy to advance the Project. As such, the three parties have agreed to work together to evaluate both the commercial and technical aspects and advance the CEIP to a Final Investment Decision.

Third-party Infrastructure Agreement – Emerald Grain (Sumitomo)

Iron Road is working towards development of new credible and cost competitive magnetite export and infrastructure businesses, unlocking significant benefits well beyond the mining and ore processing operations. The company operates on the principle of third party access to the planned infrastructure. The proposed deep water port at Cape Hardy, capable of handling the largest bulk cargo vessels, alongside a substantial heavy haulage railway, will be a first for South Australia and a radical improvement on the State's existing infrastructure base.



Image – Iron Road Managing Director Andrew Stocks and Emerald Grain's Chairman and Chief Executive Officer, John Murray at the proposed port site at Cape Hardy.

On 1 March 2016 Iron Road and Emerald Grain, a wholly owned subsidiary of Japanese conglomerate Sumitomo Corporation, announced their partnership to develop a new grain distribution and supply chain network utilising Iron Road's planned rail and port facilities at Cape Hardy on the Eyre Peninsula.

An ongoing partnership with Emerald Grain will ensure maximum benefit for local communities, commodity exporters and the region. Emerald Grain is one of the largest grain marketing and supply chain businesses in Australia.

Project Optimisation & Implementation Plan

An integral component of the recently completed Optimisation Study was the reassessment of the CEIP mining reserve on the basis of the additional drilling results and the additional mine design work. SRK was engaged by Iron Road to undertake this work in accordance with the JORC (2012) reporting guidelines.

For SRK to issue a new reserve statement, an extensive review of all aspects of the Project design and economics was undertaken. This was not restricted to the mining activity, but included a review of processing, mine waste and tailings disposal and transport and infrastructure. As expected, the SRK review delved deeply into the mining method, mine planning and equipment selection.

On 7 March 2016 SRK provided Iron Road with an updated CEIP Ore Reserve statement in line with JORC (2012). The new estimate has resulted in the addition of 1.6 billion tonnes to the Ore Reserves, increasing the global inventory from 2.1 billion tonnes to 3.7 billion tonnes at a grade of 15% iron (product grade 66.7% iron). Importantly, the Proved category now makes up 2.1 billion tonnes, or 58% of the overall Ore Reserve.

Table 1 – CEIP Ore Reserve Summary

Resource Classification	Metric Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)
Proved	2,131	15.55	53.78	12.85
Probable	1,550	14.40	58.58	12.64
Total	3,681	15.07	53.70	12.76

The Ore Reserves estimated for CEIP involving mine planning is based on and fairly represents information and supporting documentation compiled by Mr Bob McCarthy, a Member of the Association of Professional Engineers and Geoscientists of British Columbia (Canada) and a full time employee of SRK Consulting (North America). Mr McCarthy 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 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr McCarthy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The Ore Reserves estimated for the CEIP involving aspects other than mine planning is based on and fairly represents information and supporting documentation compiled by Mr Larry Ingle, a Member of the Australian Institute of Mining and Metallurgy and a full time employee of Iron Road Limited. 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 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Ingle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Table 2 – CEIP Global Mineral Resource

Location	Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Murphy South/Rob Roy	Measured	2,222	15.69	53.70	12.84	0.08	4.5
	Indicated	474	15.6	53.7	12.8	0.08	4.5
	Inferred	667	16	53	12	0.08	4.3
Boo-Loo/Dolphin	Indicated	796	16.0	53.3	12.2	0.07	0.6
	Inferred	351	17	53	12	0.09	0.7
Total		4,510	16	53	13	0.08	3.5

The Murphy South/Rob Roy Mineral Resource estimate was carried out following the guidelines of the JORC Code (2004) by Iron Road Limited and peer reviewed by Xstract Mining Consultants. The Murphy South - Boo-Loo/Dolphin oxide and transition Resource estimate was carried out following the guidelines of the JORC Code (2004) by Coffey Mining Limited. The Boo-Loo/Dolphin fresh Mineral Resource estimate was carried out following the guidelines of the JORC Code (2012) by Iron Road Limited and peer reviewed by AMC Consultants.

Table 3 – CEIP Indicative Concentrate Specification – 100 micron (p80)*

Iron (Fe)	Silica (SiO ₂)	Alumina (Al ₂ O ₃)	Phosphorous (P)
66.7%	3.36%	1.90%	0.009%

* The concentrate specifications given here are based on current data from metallurgical test work, bulk samples and simulation modelling designed specifically to emulate the proposed beneficiation plant.

Work continues on various aspects of project development and implementation, in particular areas such as water recycling and various aspects of milling and mill circuit design. The project schedule continues to be refined with respect to project delivery.

Project Approvals & Environmental

The public consultation period in relation to Iron Road's Mining Lease Proposal (MLP) under the Mining Act, 1971 and Environmental Impact Statement (EIS) under the Development Act, 1993 closed on 2 February 2016.

Interested parties had nearly 11 weeks to view the documents and provide written submissions to the Department of State Development (DSD) and Department of Planning, Transport and Infrastructure (DPTI) on the MLP and EIS respectively. Iron Road was advised on 18 March 2016 that 105 submissions had been received and were provided with copies of each. All submissions, together with comments received from relevant SA Government agencies, have been published and may be viewed at www.ceipconsultation.sa.gov.au.

The Company is pleased to note that the majority of the 105 submissions received were in support of the proposed development, citing the economic and social benefits of the CEIP. Iron Road is now preparing a response to the queries and concerns raised in the submissions.

Community & Stakeholder Engagement

The Company continued to meet with various stakeholders during the quarter with the focus being on advancing arrangements with Emerald Grain and third party opportunities for the CEIP Infrastructure.



Iron Road and Emerald Grain representatives discussing the proposed port at Cape Hardy with local landowner Mark Pfitzner.

Corporate

Iron Road has received a total of \$4 million in short term debt finance from its major shareholder, The Sentient Group (A\$1 million of which was received post Quarter end). The funding is to support the ongoing working capital requirements and operations of the Company as Iron Road continues to progress the CEIP. The facility attracts a zero rate of interest and does not bear any fees. The Company is evaluating its best option to refinance the short term debt financing facility.

Tenement Schedule

Following is the schedule of Iron Road Limited tenements as at 31 March 2016.

South Australia	Tenement Reference	Interest
Warrambo	EL4849	100%
Lock	EL5496	100%
Mulgathing	EL5298	90% Iron Ore rights

For further information, please contact:

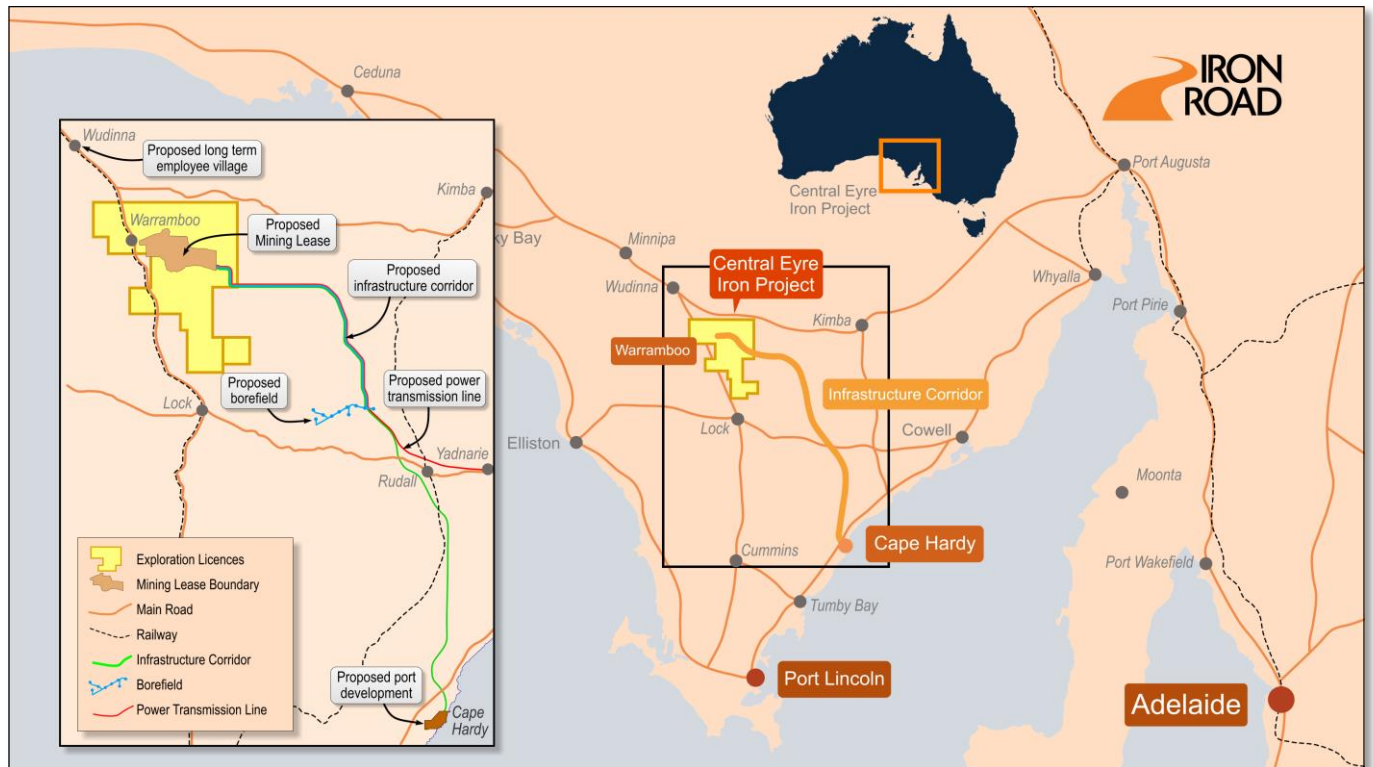
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About the Central Eyre Iron Project (CEIP)

The CEIP is located on the Eyre Peninsula, South Australia. The proposed mine site at Warrambo is located 28 kilometres southeast of the regional centre of Wudinna and the proposed port is seven kilometres south of Port Neill at Cape Hardy. The mine and the port are planned to be linked by an infrastructure corridor containing rail, water and power.



The CEIP is planned to produce a high quality, low impurity iron concentrate that will serve as a clean, superior blending product for steel mills. Current expected output stands at over 20Mtpa of ~67% premium iron concentrate over 25+ years. With a competitive projected operating cost, the iron concentrate is well positioned to actively displace lower quality iron ores as market evolution occurs.

The global CEIP Mineral Resource is 4.5Bt at a grade of 16% iron, with 77% of this resource contained in the Measured and Indicated categories. The Ore Reserve is 3.7Bt at a grade of 15% iron. The CEIP has the largest Measured + Indicated magnetite Mineral Resource in Australia and globally ranks amongst the largest known today. Engineering optimisation studies are complete with results released to the market.

With its premium iron product, significant scale, expandable rail and port infrastructure as well as supportive State and Federal Governments, the CEIP continues to attract interest from a range of Australian and international construction and operations groups. This interest includes the recent signing of five memoranda of understanding (MoU) with Chinese steel mills and subsequent agreements with China Railway Oriental International Construction Corporation, a wholly owned subsidiary of China Railway Group Limited (CRGL) and Shandong Iron & Steel Group Co Limited (ShanSteel).

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

IRON ROAD LIMITED

ABN

51 128 698 108

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000 (9 months)
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(660)	(3,085)
(b) development	-	-
(c) production	-	-
(d) administration	(704)	(3,216)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other GST to be recouped	33	182
Net Operating Cash Flows	(1,328)	(6,111)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(47)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(47)
1.13 Total operating and investing cash flows (carried forward)	(1,328)	(6,158)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,328)	(6,158)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,000	3,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	(107)
	Net financing cash flows	1,000	2,893
	Net increase (decrease) in cash held	(328)	(3,265)
1.20	Cash at beginning of quarter/year to date	776	3,713
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	448	448

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	161
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and associates were on normal commercial terms.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	3,000*	2,552
3.2 Credit standby arrangements	Nil	Nil

*Iron Road Limited received an additional \$1M in short term debt finance from its major shareholder, The Sentient Group. The finance is free of interest and facility fees.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	281
4.2 Development	-
4.3 Production	-
4.4 Administration	949
Total	1,230

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	358	504
5.2 Deposits at call	90	272
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	448	776

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	Nil			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter


Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	581,936,904	581,936,904		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	500,000		<i>Exercise price</i> \$0.9926	<i>Expiry date</i> 25/07/16
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Performance Rights Issued under the Company's Long Term Incentive Plan	3,000,000 2,000,000		Nil Nil	23/12/2019 12/01/2020
7.12 Issued during quarter				
7.13 Lapsed during quarter				
7.14 Debentures <i>(totals only)</i>				
7.15 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 29 April 2016
(Director/Company secretary)

Print name: LEONARD MATH

Notes

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.