



ASX AND MEDIA ANNOUNCEMENT

Iron Road Limited (Iron Road, ASX:IRD)



IRON ROAD SECURES CAPITAL TO PROGRESS CENTRAL EYRE IRON PROJECT

Iron Road Limited (Iron Road, ASX: IRD) is pleased to announce a 1 for 9 non-renounceable entitlement offer (the **Entitlement Offer**) of new Iron Road shares (**New Shares**) at an offer price of \$0.10 per New Share (**Offer Price**). Iron Road is also pleased to announce that it will be conducting:

- a \$1.05 million institutional placement of New Shares at the Offer Price to certain institutional shareholders of Iron Road (the **Institutional Placement**); and
- subject to shareholder approval, a \$3.75 million institutional placement of New Shares at the Offer Price to Sentient Executive GP IV, Limited as general partner of Sentient GP IV, L.P., which in turn acts as general partner of Sentient Global Resources Fund IV, L.P. (**Sentient Fund IV**) (the **Sentient Placement**),

(together, the **Placements**).

Collectively, based upon confirmations from major shareholders, Iron Road expects to raise at least **\$9.23 million in gross proceeds** from the Entitlement Offer and Placements. This will place Iron Road in a strong and debt free position to take the Central Eyre Iron Project (**CEIP**) to a Final Investment Decision, together with our project partner China Railway Group.

Andrew Stocks, Managing Director of Iron Road, said that Iron Road was committed to maintaining development momentum through the iron ore price cycle.

“With the 12-month Project Commercialisation Programme now underway with our partner China Railway Group, we continue to move the CEIP closer to a Final Investment Decision, Financial Close and ultimately construction and production,” Mr Stocks said.

“We still see additional scope for reducing costs materially, both at the capex and opex levels for the CEIP, which would maintain the trend established from our first studies demonstrating continual reductions in cost profiles. The Project Commercialisation Programme, conducted together with one of the world’s premier engineering and infrastructure construction firms China Railway Group, will aim to repeat this past success of substantial cost reductions. The capital we expect to raise from the

Placements and Entitlement Offer announced today will support a cash position to complete this important 12 month programme.

“Our Government approvals timetable is also well advanced, and is expected to be completed by late 2016. Successful grant of approvals and continued momentum with project partners that credibly leads to equity and debt finance procurement will position the CEIP at the front of the high quality development queue and well placed to take advantage of expected strong future demand for high grade and low impurity iron products,” said Mr Stocks.

Summary of recent developments

On 9 September 2015, Iron Road announced that it had signed separate non-binding memoranda of understanding with five Chinese steel companies. In November 2015, Iron Road also submitted a Mining Lease application and supporting Mining Lease Proposal and an Environmental Impact Statement in relation to the CEIP to relevant South Australian government departments. In April 2016, Iron Road signed a Strategic Co-operation Agreement with China Railway Oriental International Constructions Corporations (CROICC), a wholly owned subsidiary of China Railway Group Limited and a Tripartite Co-operation Agreement with Shandong Iron & Steel Group Co Limited and CROICC.

Iron Road is now progressing its applications for governmental approvals and negotiations in relation to memoranda of understanding with potential off-take customers as well as engineering and construction companies and other project funding partner candidates.

Further details of Iron Road’s recent partnership announcements and the progress of the CEIP are set out in the accompanying investor presentation.

Proceeds under the Entitlement Offer and Placements

The maximum possible offer proceeds (before costs) under the Entitlement Offer and Placements is \$11.26 million, assuming that all eligible shareholders fully participate in the Entitlement Offer and that the Sentient Placement is approved by shareholders (**Offer Proceeds**). However, as it is unlikely that all eligible shareholders will participate in the Entitlement Offer, the proceeds of the Entitlement Offer and the Placements are expected to be less than \$11.26 million.

Iron Road’s largest shareholder, Sentient Fund IV, has undertaken to participate fully in the Entitlement Offer and, subject to shareholder approval, participate in the Sentient Placement. Under the Entitlement Offer, Sentient Fund IV is entitled to take up to 38,139,940 New Shares. The aggregate amount to be received from Sentient Fund IV under these arrangements is approximately \$7.56 million. Dr Peter Cassidy and Mr Ian Hume, who are directors and shareholders of Iron Road, have also confirmed that they will participate fully in the Entitlement Offer. Additionally, certain institutional shareholders have confirmed that they will participate fully in the Entitlement Offer and the Institutional Placement. The aggregate amount to be received from the institutional shareholders under these arrangements is approximately \$1.53 million.

Based on the confirmations and indications from the shareholders noted above, the Entitlement Offer and the Placements, are expected to raise at least \$9.23 million in gross proceeds, assuming that the Sentient Placement is approved by shareholders.

Use of Offer Proceeds

The Offer Proceeds will be used to complete environmental and engineering studies required to obtain governmental approvals for the CEIP and to continue other stakeholder engagement activities. The Offer Proceeds will also be used to continue necessary iron ore marketing and related activities and to support project development partner due diligence. The results of this iron ore marketing and due diligence will be used to further progress memoranda of understanding with potential off-take customers as well as ongoing negotiations with engineering and construction companies and other project funding partner candidates.

Iron Road will also use funds raised to repay the short term debt finance provided by Sentient Global Resources Fund IV, L.P. that was disclosed to the ASX on 19 November 2015 and 2 May 2016, in accordance with the terms of the facility, and for offer costs and corporate overheads through to approximately June 2017. It is proposed that any Offer Proceeds payable by Sentient Fund IV will be off-set against any outstanding amounts under the short term debt facility.

Entitlement Offer

The minimum number of New Shares to be issued as a result of the Entitlement Offer is expected to be 44,331,209¹ and the maximum number of New Shares which may be issued as a result of the Entitlement Offer is 64,659,656. The New Shares issued as a result of the Entitlement Offer will rank equally with existing shares in Iron Road. The Entitlement Offer will not be underwritten.

The Offer Price represents:

- a 4.0% premium to the 30 day volume weighted average price of \$0.09612 for Iron Road shares as at market close Friday, 10 June 2016; and
- a zero premium to the price of \$0.10 for Iron Road shares as at market close Friday, 10 June 2016.

Iron Road shareholders, who are shareholders on or before 7pm (AEST) on Tuesday 21, June 2016 (**Record Date**), will be entitled to participate in the Entitlement Offer. Eligible shareholders will be entitled to acquire 1 New Share for every 9 Iron Road shares held on the Record Date. The Entitlement Offer will open at 10am AEST on Thursday, 23 June 2016 and will close at 5pm AEST on Monday, 4 July 2016.

Subject to the *Corporations Act 2001* (Cth) (**Corporations Act**), the requirements of the ASX Listing Rules and any other applicable laws, shareholders who are not related parties (as defined in the ASX Listing Rules) of Iron Road may also apply for additional New Shares (**Shortfall Shares**) up to 50% of their entitlement (**Shortfall Cap**). To the extent that shareholders do not take up their entitlements in full, the resulting shortfall will be allocated to those eligible shareholders who apply for Shortfall Shares up to their respective Shortfall Caps (**Shortfall Facility**).

¹ Based on the confirmations from Sentient Fund IV, Peter Cassidy, Ian Hume and certain institutional shareholders that they will fully participate in the Entitlement Offer.

If applications exceed the shortfall, the shortfall will be allocated on a proportionate basis having regard to the relative holdings on the Record Date of all eligible shareholders who have applied for Shortfall Shares under the Shortfall Facility.

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 dispatch on Thursday, 23 June 2016.

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

Institutional Placements

Under the Institutional Placement, Iron Road will issue 10,518,000 New Shares to certain institutional shareholders.

Sentient Fund IV is a related party of Iron Road and accordingly Iron Road requires approval from its shareholders to conduct the Sentient Placement. Iron Road released a Notice of Extraordinary General Meeting today to convene a meeting of Iron Road shareholders on Monday, 25 July 2016 to consider the Sentient Placement. Further details regarding the Sentient Placement will be set out in the notice of extraordinary general meeting.

If the Sentient Placement is approved by Iron Road's shareholders, Iron Road will issue 37,482,000 New Shares to Sentient Fund IV.

The New Shares issued as a result of the Placements will rank equally with existing shares in Iron Road. Settlement of the Institutional Placement is expected to occur on Thursday, 23 June 2016 and New Shares issued under the Institutional Placement are expected to commence trading on Friday, 24 June 2016. Subject to shareholder approval, settlement of the Sentient Placement is expected to occur on Tuesday, 26 July 2016 and New Shares issued under the Sentient Placement are expected to commence trading on Wednesday, 27 July 2016.

Entitlement Offer and Placements Timetable

Event	Date
Announcement of the Entitlement Offer	Thursday, 16 June 2016
Institutional Placement	Thursday, 16 June 2016
Ex-date	Monday, 20 June 2016
Record Date (7pm AEST)	Tuesday, 21 June 2016
Dispatch of Notice of EGM, Offer booklet and Entitlement and Acceptance Forms Entitlement Offer opens	Thursday, 23 June 2016
Settlement of Institutional Placement	Thursday, 23 June 2016
Normal trading of New Shares issued under Institutional Placement commences	Friday, 24 June 2016
Entitlement Offer closes (5pm AEST)	Monday, 4 July 2016
Commencement of deferred settlement trading on ASX	Tuesday, 5 July 2016
Iron Road notifies ASX of under subscriptions	Thursday, 7 July 2016
Issue of New Shares under Entitlement Offer Deferred settlement trading ends	Monday, 11 July 2016
Normal trading of New Shares commences	Tuesday, 12 July 2016
Extraordinary General Meeting to obtain shareholder approval for New Shares under the Sentient Placement.	Monday, 25 July 2016
Settlement – Sentient Placement	Tuesday, 26 July 2016
Quotation – Sentient Placement	Wednesday, 27 July 2016

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 outcome and use of proceeds of the Entitlement Offer and the future performance of Iron Road. 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 the control of Iron Road, its directors and management, and which may cause actual results to differ materially from those expressed in the statements contained in this announcement. 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 announcement. Except as required by law or regulation (including the ASX Listing Rules), Iron Road undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earning or financial position or performance are also forward looking statements.

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