



Iron Road Ltd

# Entitlement Offer

Iron Road Ltd ACN 128 698 108

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Details of a 1 for 9 non-renounceable pro-rata entitlement offer of Iron Road Ltd ordinary shares (**New Shares**) at an issue price of \$0.10 for each New Share

**Offer closes 5pm (AEST) on Monday, 4 July 2016**

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

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### Registered Office

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Adelaide 5000

South Australia

### Share Registry

Security Transfer Registrars Pty Limited

770 Canning Highway

APPLECROSS, WA 6153

### ASX Listing Code

IRD

# Important notices

## **Forward-looking statements**

*This booklet 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. 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 booklet and the attached materials. A number of risks and uncertainties could cause actual results or performance to differ materially from the forward-looking statements. Some of these risks and uncertainties are described in **section 4** of this booklet and you should consider the forward-looking statements contained in this booklet in light of those disclosures. 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 booklet. 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.*

## Enquiries

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

## Key offer dates

Entitlement Offer announced	Thursday, 16 June 2016
Institutional Placements conducted	Thursday, 16 June 2016
Ex-date	Monday, 20 June 2016
<b>Record Date (7pm AEST)</b>	<b>Tuesday, 21 June 2016</b>
Dispatch of Notice of Extraordinary General Meeting, Offer booklet and Entitlement and Acceptance Forms	Thursday, 23 June 2016
<b>Entitlement Offer opens</b>	<b>Thursday, 23 June 2016</b>
Settlement – Institutional Placement	Thursday, 23 June 2016
Quotation – Institutional Placement	Friday, 24 June 2016
<b>Entitlement Offer closes (5pm AEST)</b>	<b>Monday, 4 July 2016</b>
Entitlement Offer New Shares commence deferred settlement trading	Tuesday, 5 July 2016
Iron Road notifies ASX of under subscriptions	Thursday, 7 July 2016
<b>Entitlement Offer and Shortfall Facility New Shares issued</b>	<b>Monday, 11 July 2016</b>
<b>Deferred settlement trading ends</b>	
Entitlement Offer and Shortfall Facility New Shares commence normal settlement trading on ASX	Tuesday, 12 July 2016
<b>Extraordinary General Meeting to obtain shareholder approval for Sentient Placement</b>	<b>Monday 25 July 2016</b>
Settlement of New Shares under the Sentient Placement (if shareholder approval is obtained)	Tuesday, 26 July 2016
Sentient Placement New Shares commence trading on ASX (if shareholder approval is obtained)	Wednesday, 27 July 2016

Applicants are encouraged to submit their Entitlement and Acceptance Forms as soon as possible after the Entitlement Offer opens. The timetable above is indicative only and is subject to change. Iron Road reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws to vary the dates of the Entitlement Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases, without notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares. Cooling off rights do not apply to an investment in New Shares and you cannot, in most circumstances, withdraw your application once it has been accepted.

# Board Letter

16 June 2016

Dear Shareholder

## Iron Road Ltd capital raising – Entitlement Offer

On behalf of Iron Road Ltd (**Iron Road**), I am pleased to invite you to participate in a 1 for 9 non-renounceable pro-rata entitlement offer of Iron Road Shares (**New Shares**) at an issue price of \$0.10 for each New Share (**Entitlement Offer**). The Entitlement Offer will not be underwritten.

Iron Road successfully completed a placement to certain key institutional Shareholders on Thursday, 16 June 2016 under which Iron Road raised approximately \$1.05 million (before costs) through a placement of approximately 10.5 million New Shares at the same issue price as the Entitlement Offer (**Institutional Placements**). Subject to Shareholder approval, Iron Road is also proposing to conduct a placement of approximately 37.5 million shares at the Entitlement Offer issue price to Sentient Fund IV to raise approximately \$3.75 million (before costs) (**Sentient Placement**) (together with the Institutional Placements, the **Placements**).

The Entitlement Offer and the Placements are expected to raise at least \$9.23 million in gross proceeds (including costs), assuming that the Sentient Placement is approved by Shareholders.

The Board has determined that an Entitlement Offer, in combination with the Placements, is the best mechanism to raise the capital needed by the Company to continue to progress environmental and engineering studies required to obtain governmental approvals and further build upon already strong support from other key stakeholder groups for the Central Eyre Iron Project (**CEIP**). Funds will also enable iron ore marketing activities to continue in order to progress discussions with potential offtake customers and project investors and strategic project development partners. A significant amount of proceeds raised (\$4 million) will be used to fully repay the Short Term Debt Facility provided by Sentient Global Resources Fund IV, L.P. The Entitlement Offer component of the capital raising and associated Shortfall Facility provides an avenue for all Shareholders to participate and minimise dilutionary impacts from the Placements.

As the Sentient Shareholders have a number of appointees on the Board (including the Chairman, Peter Cassidy), the Directors who are not Sentient nominees (being Julian Gosse, Andrew Stocks and Leigh Hall) (**Independent Directors**) have taken primary responsibility for the structure of the Entitlement Offer and the Placements.

Optimisation studies for the CEIP have now concluded which delivered improved operating costs and capital intensity assessments compared with the earlier 2014

Definitive Feasibility Study findings. Consequently, Iron Road has now entered a phase of greatly reduced cash spend. We are cognisant of current weak global steel and iron ore market conditions and continue to carefully evaluate where our resources and time is best targeted to provide the most value for Shareholders – that is addressing project risk, advancing and obtaining necessary government approvals and continuing work with our potential customers and project funding partners. With this capital raising, we ensure that Iron Road maintains key development momentum during these difficult market times. Importantly, it provides a clear signal to our potential partners of Iron Road's ongoing commitment in reaching a final investment decision (**FID**) and achieving financial close before moving to construction and operation of the CEIP. The recent commencement of the 12 month Project Commercialisation Programme, to be undertaken jointly by Iron Road and China Railway Group Limited is a pivotal milestone for Iron Road and will be a critical pathway towards achieving a positive FID.

We are targeting a smaller but viable segment of the seaborne traded iron ore market offering high grade, low impurity premium concentrates. This market segment is becoming increasingly important, as steel producers seek to reduce pollutants and improve production efficiencies as they adjust to stricter regulatory requirements and ultimately tighter longer-term markets for these high quality feedstock products.

Our high iron content and low impurity premium concentrate to be produced from the CEIP remains very attractive to steel mills who understand the longer term dynamics of a consolidating industry and associated regulatory and rising environmental pressures. Following the recent signing of Memoranda of Understanding with five globally significant Chinese steel companies, investigations into how our product would improve the efficiency of their operations have concluded with positive results. Large scale construction and engineering companies who have expressed interest as funding partners for the CEIP need to be satisfied of product acceptance by steel mills and a portion of the funds raised will be directed to continued iron ore marketing activities.

We have also recently lodged our Mining Lease Proposal and Environmental Impact Statement for the CEIP. These are significant milestones in the progress of the CEIP and form the foundation for the approval process. Funds raised will also be directed to the purposes set out later in this document, including continuing important stakeholder engagement activities with local communities.

The Independent Directors believe that the Entitlement Offer together with the Placements are in the best interests of Shareholders.

On behalf of the Board of Iron Road, I thank you for your continued support as an Iron Road Shareholder.

Yours sincerely

**Julian Gosse**

Independent Non-Executive Director

## Introduction to Offer details

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

- an ASX announcement regarding the Entitlement Offer, which was released to ASX on 16 June 2016;
- Iron Road Investor Presentation, which was released to ASX on 16 June 2016;
- instructions on “How to Apply” setting out how to accept all or part of your Entitlement in the 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”. You will also separately receive a notice of Extraordinary General Meeting of the Shareholders regarding the Sentient Placement, which was released to ASX on Thursday, 16 June 2016.

The 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.

In recognition of the importance of our Shareholders, the Board will offer Eligible Shareholders access to a portion of the Shortfall 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.

You should obtain any professional advice you require to evaluate whether to participate in the Entitlement Offer. For further information regarding the Entitlement Offer please visit our website at [www.ironroadlimited.com.au](http://www.ironroadlimited.com.au).

# 1 Iron Road's resources and use of proceeds

## 1.1 Proceeds of Entitlement Offer and Placements

The proceeds of the Entitlement Offer and Placements will be used to:

- (a) conduct environmental and engineering work programs required to obtain governmental approvals for the Central Eyre Iron Project (**CEIP**) and continue other stakeholder engagement activities;
- (b) continue necessary iron ore marketing and due diligence related activities (including bulk product preparation for steel mill testing) to progress memoranda of understanding with potential off-take customers, ongoing negotiations with engineering and construction companies and other project funding partner candidates;
- (c) repay the Short Term Debt Facility; and
- (d) meet other working capital requirements of Iron Road.

The maximum possible gross proceeds of the Entitlement Offer and the Placements are \$11.26 million, assuming that all Eligible Shareholders fully participate in the Entitlement Offer and the Sentient Placement is approved by Shareholders. However, as it is unlikely that all Eligible Shareholders will participate in the Entitlement Offer and that the Shortfall Facility will be fully taken up, the proceeds of the Entitlement Offer and the Placements are expected to be less than \$11.26 million.

The Company'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. The aggregate amount to be received from Sentient Fund IV under these arrangements is approximately \$7.56 million. Peter Cassidy and Ian Hume, who are Directors and Shareholders of the Company, have also confirmed that they will participate fully in the Entitlement Offer. Additionally, certain institutional Shareholders have also indicated to the Company that they intend to participate fully in the Entitlement Offer and the Institutional Placements. 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. The proceeds from the Entitlement Offer and the Placements will be used as set out in the table below. For the purposes of the table below, the Company has assumed that a number of other Shareholders will also take up their entitlements under the Entitlement Offer such that the gross proceeds under the Entitlement Offer and Placements will be approximately \$9.3 million.



Activity	Amount
Environmental studies	\$0.18m
Engineering studies	\$0.707m
Stakeholder engagement and approvals	\$0.266m
Iron Ore Marketing	\$0.48m
Project approvals and government fees	\$0.439m
Corporate costs (including salaries, rent and outgoings, regulatory and listing fees, legal and tax services)	\$3.021m
Repay Short Term Debt Facility	\$4.0m
Entitlement Offer fees	\$0.2m
<b>TOTAL</b>	<b>\$9.293m</b>

The funds to be raised provide for environmental and engineering studies required to obtain governmental approvals for the CEIP, and for iron ore marketing and related activities in order to progress discussions with potential offtake customers and project investors. The funds raised will also be used to continue stakeholder engagement activities, to repay the Short Term Debt Facility in accordance with its terms and for corporate overheads through to June 2017. It is proposed that any proceeds payable by Sentient Fund IV will be set off against any outstanding amounts under the Short Term Debt Facility.

If, as a result of greater participation in the Entitlement Offer and the Shortfall Facility by other Shareholders, the proceeds of the Entitlement Offer and the Placements exceed \$9.23 million, the additional proceeds will be applied towards the uses set out above and the funds will enable the Company to meet its working capital requirements beyond June 2017.

If Shareholder approval is not obtained for the Sentient Placement, then the maximum possible proceeds of the Entitlement Offer and Institutional Placements will be \$7.51 million, in which case the funds raised will satisfy the Company's working capital requirements for a shorter period. In this event, the Company will still prioritise the repayment of the Short Term Debt Facility.

Following completion of the Entitlement Offer, Iron Road will continue to seek appropriate partnership and financing arrangements, so that alternate sources of funds become available to meet its ongoing needs and the targeted CEIP development trajectory. In the event that the CEIP development proceeds slower than anticipated, the ongoing funding requirements will be relatively small given that both the definitive feasibility and optimisation studies have been completed.

Iron Road Shareholders should be aware that substantial further funding will be needed to develop and construct both the CEIP and GIP and should refer to the risk factor in **section 4.1(d)** of this booklet for a further discussion of Iron Road's future capital requirements.

## 2 Details of the Entitlement Offer and Placements

### 2.1 Overview of Entitlement Offer

The Entitlement Offer is an offer to Eligible Shareholders of approximately 1 for 9 Shares at \$0.10 for each New Share which is expected to raise at least \$9.23 million (before costs).

### 2.2 Institutional Placements

On Thursday, 16 June 2016, Iron Road announced that it would issue 10,518,000 New Shares to certain institutional Shareholders through the Institutional Placements. The offer price under the Institutional Placements is the same as the Issue Price under the Entitlement Offer.

Iron Road raised approximately \$1.05 million (before costs) under the Institutional Placements. Settlement of the placements is expected to occur on Thursday, 23 June 2016 and New Shares issued are expected to commence trading on Friday, 24 June 2016.

### 2.3 Sentient Placement

On Thursday, 16 June 2016, Iron Road announced that, subject to Shareholder approval, it would issue 37,482,000 New Shares to Sentient Fund IV through the Sentient Placement. The offer price under the Sentient Placement is the same as the Issue Price under the Entitlement Offer.

The Extraordinary General Meeting to approve the placement is scheduled to take place at Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney, New South Wales on Monday, 25 July 2016, at 10am (AEST). Please refer to the Notice of Extraordinary General Meeting released to the ASX on Thursday, 16 June 2016 for further information.

If the Sentient Placement is approved at the meeting, Iron Road will raise approximately \$3.75 million (before costs). Settlement of the Sentient Placement is expected to occur on Tuesday, 26 July 2016 and New Shares issued are expected to commence trading on Wednesday, 27 July 2016.

Please refer to **section 6(a)**, "Potential effect on control and capital structure" in the notice of Extraordinary General Meeting of Shareholders released to ASX on Thursday, 16 June 2016 for further information about Sentient's interest in Iron Road following the Sentient Placement.

### 2.4 Shortfall Facility

Subject to the Corporations Act, the requirements of the ASX Listing Rules and any other applicable laws, Eligible Shareholders may also apply for additional New Shares in excess of their Entitlement up to a maximum of 50% of their Entitlement (**Shortfall Cap**). To the extent that Eligible 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**).

If you wish to take up all of your Entitlement and apply for Shortfall Shares, the Application Monies payable will be equal to the Issue Price multiplied by the

number of New Shares comprising your Entitlement and the number of Shortfall Shares you wish to take up – you will need to calculate this number yourself. Note that the total number of New Shares which is the subject of your Application must not exceed a maximum of 150% of your Entitlement.

The Shortfall Cap is the maximum number of Shortfall Shares you are entitled to above your Entitlement. The Shortfall Cap is calculated as 50% of your Entitlement as demonstrated in the below table:

No. of shares held at Record Date	Entitlement (no. of shares)*	Maximum number of Shortfall Shares*	Maximum number of New Shares and Shortfall Shares
<b>1,000</b>	112	56	168
<b>2,000</b>	223	112	335
<b>3,000</b>	334	167	501
<b>4,000</b>	445	223	668
<b>5,000</b>	556	278	834

\*Fractional entitlements and entitlement to Shortfall Shares are both rounded up.

Iron Road will treat you as taking up as many New Shares as your payment will pay for in full up to your full Entitlement and in respect of any excess amount applying for as many Shortfall Shares as it will pay for in full, subject to the Shortfall Cap.

Related Parties of Iron Road will not be entitled to submit applications under the Shortfall Facility.

The Shortfall Cap will be applied at the beneficial shareholding level and the Directors of Iron Road reserve all rights in their absolute discretion to determine which applications for Shortfall Shares are made validly within the Shortfall Cap and how the Shortfall will be allocated among Eligible Shareholders who have made such valid applications. If applications under the Shortfall Facility exceed the Shortfall, the Directors presently intend that the Shortfall will be allocated on a proportionate basis up to each Shareholder's Shortfall Cap having regard to the relative holdings at 7pm (AEST) on the Record Date of all Shareholders who have validly applied for Shortfall Shares under the Shortfall Facility.

There can be no certainty that there will be a Shortfall, or that Eligible Shareholders will receive the number of Shortfall Shares that they apply for. The Directors' decision on the number of Shortfall Shares to be allocated to Eligible Shareholders under the Shortfall Facility will be final.

## **2.5 Ranking of New Shares**

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

## **2.6 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares under the Entitlement Offer or the Shortfall Facility. You cannot withdraw your Application or payment once it has been accepted.

## **2.7 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.

## **2.8 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 Entitlement Offer will commence on Tuesday, 12 July 2016.

## **2.9 Potential effect on control and capital structure**

If all Eligible Shareholders take up their Entitlements, each Eligible Shareholder's percentage interest in the total issued share capital of Iron Road will be diluted by the New Shares issued under the Institutional Placements, and, if approved by Shareholders, by the New Shares issued under the Sentient Placement.

To the extent that Eligible Shareholders do not take up their Entitlements, following the close of the Entitlement Offer, the percentage shareholding of those Eligible Shareholders will be diluted further.

No Shareholder will increase their voting power in Iron Road from below 20% to above 20% as a result of the Entitlement Offer.

Peter Cassidy and Ian Hume, both of whom are Directors of Iron Road, have confirmed that they will each fully take up their Entitlements under the Entitlement Offer. Sentient Fund IV and certain institutional Shareholders have also confirmed that they will fully take up their Entitlements under the Entitlement Offer, in addition to their participation in the Sentient Placement and Institutional Placements respectively.

Please refer to **section 6(a)**, "Potential effect on control and capital structure" in the notice of Extraordinary General Meeting of Shareholders released to ASX on 16 June 2016 for further information about Sentient's interest in Iron Road following the Sentient Placement.

### **(a) Capital structure**

The capital structure of Iron Road following the issue of New Shares, assuming (unless otherwise specified) that the maximum number of New Shares are issued under the Entitlement Offer, will be as follows:

<b>Capital structure – assuming Sentient Placement</b>	<b>Number</b>
Shares on issue as at date of this offer booklet	581,936,904
Maximum number of New Shares to be issued under the Entitlement Offer (if fully subscribed) and the Placements	112,659,656
Maximum number of Shares on issue after completion of the Entitlement Offer (if fully subscribed) and the Placements	694,596,560

If Shareholder approval is not obtained for the Sentient Placement, the capital structure of Iron Road following the issue of New Shares, assuming the maximum number of New Shares are issued under the Entitlement Offer and the Institutional Placements, will be as follows:

<b>Capital structure – assuming no Sentient Placement</b>	<b>Number</b>
Shares on issue as at date of this offer booklet	581,936,904
Maximum number of New Shares to be issued under the Entitlement Offer (if fully subscribed) and the Institutional Placements	75,177,656
Maximum number of Shares on issue after completion of the Entitlement Offer (if fully subscribed) and the Institutional Placements	657,114,560

## 3 How to apply

### 3.1 Please read this offer booklet carefully

The Entitlement Offer is being made in line with the Corporations Act 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>.

### 3.2 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 4** of this booklet which describe some of the key risks in relation to an investment in Iron Road.

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

If you decide to take up all or part of your Entitlement, or all of your Entitlement and apply for Shortfall Shares (up to the Shortfall Cap), 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. 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 in respect of Shortfall Shares (see **section 2.4**). 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 subject to the Shortfall Cap (see **section 2.4** for instructions on how to calculate the maximum number of Shortfall Shares available to you under the Shortfall Facility). 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 Entitlement Offer at 5pm (AEST) on the Closing Date, you will be allotted your New Shares on Monday, 11 July 2016 based on the current timetable.

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

### **3.4 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 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 for each 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 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 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.

#### **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.



### **3.5 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.

### **3.6 Allotment of New Shares**

It is expected that allotment of your New Shares (including any Shortfall 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 dispatched, on or before Monday, 11 July 2016. However, if the Closing Date is extended, the date for allotment and dispatch 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 at 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.

### **3.7 Withdrawal of Entitlement Offer**

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.

## 4 Risk factors

Prior to deciding whether to apply for New Shares under the Entitlement Offer, you should read this 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.

### 4.1 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 and the Placements (assuming that the Sentient Placement is approved by Shareholders) will be deployed to, among other things:

- (i) conduct environmental and engineering work programs required to obtain governmental approvals for the CEIP and continue other stakeholder engagement activities;

- (ii) continue necessary iron ore marketing and due diligence related activities (including bulk product preparation for steel mill testing) to progress memoranda of understanding with potential off-take customers, ongoing negotiations with engineering and construction companies and other project funding partner candidates;
- (iii) repay the Short Term Debt Facility; and
- (iv) meet other working capital requirements of Iron Road.

The funds to be raised through the Entitlement Offer and the Placements (assuming that the Sentient Placement is approved by Shareholders) will provide for environmental and engineering studies required to obtain governmental approvals for the CEIP and in order to progress discussions with potential investors and financiers. The funds raised will also be used to continue stakeholder engagement activities, undertake iron ore marketing activities, repay the Short Term Debt Facility and for corporate overheads.

Based on the expected gross proceeds of the Entitlement Offer and the Placements of at least \$9.23 million, the funds to be raised are expected to meet Iron Road's working capital requirements through to June 2017. If, as a result of greater participation by other Shareholders in the Entitlement Offer and the Shortfall Facility, the proceeds of the Entitlement Offer and the Placements exceed \$9.23 million, the additional proceeds will be applied towards the uses set out above and the funds will enable the Company to meet its working capital requirements beyond June 2017.

Additionally, if Shareholder approval is not obtained for the Sentient Placement, then the maximum possible proceeds of the Entitlement Offer and Institutional Placement will be \$7.51 million, in which case the funds raised will satisfy the Company's working capital requirements for a shorter period. In this event, the Company will still prioritise the repayment of the Short Term Debt Facility.

Following completion of the Entitlement Offer, Iron Road will be continuing to seek appropriate partnership and financing arrangements, so that alternate sources of funds become available to meet its ongoing needs, including to repay the Short Term Debt Facility, and the targeted CEIP development trajectory.

In the event that the CEIP development proceeds slower than anticipated, the ongoing funding requirements will be relatively small given that both the feasibility and optimisation studies have been completed. If Iron Road cannot obtain sufficient alternate sources of funding it will be unable to progress the CEIP development without first repaying the Short Term Debt Facility.

If Iron Road is successful in raising sufficient capital and obtaining governmental approvals for the CEIP and to progress memoranda of understanding negotiations with potential investors, it will still be required to raise significant amounts of additional capital or seek further development partners to repay the Short Term Debt Facility and to help fund the development of the CEIP and/or the GIP.

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 the Placements 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 which Iron Road (or any of its Related Bodies Corporate) holds 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 for any proposed mining lease or leases will be granted as applied for or that the mining leases will be ultimately granted as this will depend on the requirements for the grant of a mining lease under the relevant mining legislation being fulfilled, including satisfying the relevant minister that there is a reasonable prospect that the land in respect of which the lease is sought can be effectively and efficiently mined. 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 any proposed mining lease and associated tenements to Iron Road (or its relevant Related Body Corporate).

Additionally, there is no guarantee that Iron Road (or its relevant Related Body Corporate) will be able to secure access rights to any "exempt land" (as defined by the *Mining Act 1971* (SA)) within the boundary of any proposed mining lease area. Access to such land may be obtained by agreement with the relevant land owner or the determination of the appropriate court. Such access will be necessary to conduct any proposed mining operations and securing access may be a relevant consideration for the minister in determining whether to grant a mining lease to Iron Road.

Renewal of mining tenements titles or licences is made by way of application to the relevant minister. 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 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, speculative positioning in maturing derivatives markets 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, currencies and global and regional demand for, and supply of, the commodity as well as general global economic conditions.

There has been a sharp decline in iron ore prices in recent years due to global economic factors, weakening steel demand and resultant over supply of steelmaking raw materials. Benchmark iron ore prices (62% Fe Fines CFR China) have fallen from an average of greater than US\$130 per dry metric tonne in July-December 2013 to just over US\$50 per dry metric tonne as at early June 2016. The current low iron ore price and possible future price declines of iron ore could cause Iron Road's projects to become uneconomic prior to or during production. There is a risk that a decreasing iron ore price may result in a depreciation or write down of Iron Road's assets in the future. Prior to production, a decline in iron ore prices may result in Iron Road's projects being suspended or 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 and the potential for liability is an ever present risk. International scrutiny, particularly in relation to the construction and use of tailings dams has increased following the environmental incident at the Samarco Mineração S.A iron ore operation in Minas Gerais, Brazil in November 2015. Iron Road's CEIP however, will be designed in a way that eliminates the requirement for a tailings dam thereby greatly reducing future environmental risk. Instead of a conventional tailings dam, the dewatering of process plant coarse and fine tailings will be co-located with waste rock from the mine to form an integrated waste landform. The design of the integrated waste landform has already received a South Australian State Government Award for environmental excellence.

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.

Iron Road is in the process of obtaining necessary environmental approvals to undertake further development and ultimately, construction and operation of the CEIP. The South Australian State Government has conducted a public consultation process which provided stakeholders with an opportunity to raise issues that should be considered as part of the broader assessment of the mining lease proposal. The public consultation received 105 submissions with over half the submissions, including key local councils, supporting the development. Approximately half of those submissions were supporting the CEIP, however the Company considers that the objections to the development are usual for a project of the size and nature of the CEIP and that none of the objections stood out as raising significant concerns for the development. The final Government decision is expected to be released in second half of 2016. Although considered highly unlikely, environmental issues raised in this process may result in the CEIP mining lease not being granted or more likely, being granted subject to specific environmental conditions.

#### **(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, environmental 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, the Foreign Acquisitions and Takeovers Act 1975 (including the Foreign Investment Policy), 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 and ASX listing**

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 or the prices at which you can sell your Shares.

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. If a company is unable to maintain the required level of spread, ASX may suspend and eventually delist that



company, which would materially adversely affect the ability of Shareholders to buy and sell shares.

## **4.2 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.

## 5 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 4** of this booklet.

### 5.1 Eligible Shareholders

This booklet contains an offer of New Shares to Eligible Shareholders.

Eligible Shareholders are those holders of Shares who:

- are registered as a holder of Shares as at 7pm (AEST) on the Record Date; and
- have a registered address in Australia or New Zealand or in any other jurisdiction that Iron Road has determined (in its absolute discretion) is eligible to participate in the Entitlement Offer.

Based on Iron Road's understanding of the locations of its Shareholders as at the date before the date of announcement of the Entitlement Offer, Iron Road expects that all Shareholders will be eligible to participate.

### 5.2 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 Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

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 which are 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.

### 5.3 Information about Iron Road

The information included in this booklet provides information about Iron Road's activities current as at 16 June 2016. 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 report for the financial year ended 30 June 2015 lodged with ASX on 28 September 2015, Iron Road's announcement to the ASX on

Thursday, 16 June 2016 regarding the Entitlement Offer and Iron Road's other announcements to ASX available at [www.asx.com.au](http://www.asx.com.au).

#### **5.4 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.

#### **5.5 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.

#### **5.6 Taxation**

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

#### **5.7 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.

#### **5.8 Financial data**

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

#### **5.9 Disclaimer of representations**

No person is authorised to give any information, or to make any representation, in connection with the 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 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.

### **5.10 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.

### **5.11 Defined terms**

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

## **6 Foreign jurisdictions**

The distribution of this booklet in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of this document outside Australia and New Zealand should seek advice on and observe any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

It is the responsibility of any Applicant to ensure their compliance with any laws of the country relevant to their Application. Return of a duly completed Entitlement and Acceptance Form and/or BPAY payment of Application Money will be taken by Iron Road to constitute a representation that there has been no breach by such Applicants of such laws. Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

This document does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

#### **Canada (British Columbia, Ontario and Quebec provinces)**

This document constitutes an offering of the New Shares only in the Province of British Columbia (the "Province") and only to existing shareholders of the Company in a rights issue. This document is not,

and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

#### Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale

of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

#### **Cayman Islands**

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands.

#### **European Economic Area - Belgium, Germany and Liechtenstein**

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID");
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

#### **Hong Kong**

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

#### **New Zealand**

The New Shares are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

#### **Singapore**

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### **United Kingdom**

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

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### **United States**

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

## 7 Glossary

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<b>AEST</b>	Australian Eastern Standard Time
<b>Applicant</b>	An Eligible Shareholder who has applied to subscribe for New Shares and/or Shortfall Shares by submitting an Entitlement and Acceptance Form accompanied by the relevant Application Monies 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 Eyre Iron Ore Project, Iron Road's principal iron ore mining project located on the Eyre Peninsula in South Australia
<b>Closing Date</b>	5pm (AEST) on Monday, 4 July 2016, the date the Entitlement Offer closes (unless extended)
<b>Company</b>	Iron Road
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Director</b>	A director of Iron Road
<b>Eligible Shareholder</b>	A Shareholder who falls within the description set out in <b>section 5.1</b>

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<b>Entitlement</b>	The entitlement to 1 New Share for every 9 Shares held at 7pm (AEST) on the Record Date. The Entitlement of each Eligible 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 pro rata non-renounceable offer of 1 New Share for every 9 Shares held by an Eligible Shareholder at 7pm (AEST) on the Record Date at the Issue Price
<b>Extraordinary General Meeting</b>	The extraordinary general meeting to approve the Sentient Placement which is scheduled to take place at Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney, New South Wales on Monday, 25 July 2016
<b>GIP</b>	The Gawler Iron Project, an iron ore project located in northern South Australia
<b>Independent Directors</b>	Julian Gosse, Andrew Stocks and Leigh Hall
<b>Ineligible Shareholder</b>	A Shareholder which is not an Eligible Shareholder
<b>Institutional Placements</b>	The placements conducted by Iron Road on Thursday, 16 June 2016 to raise approximately \$1.05 million through offers of 10,518,000 New Shares at the Issue Price to certain institutional Shareholders
<b>Iron Road</b>	Iron Road Ltd ACN 128 698 108
<b>Issue Price</b>	\$0.10 for each New Share
<b>New Shares</b>	All shares to be allotted and issued under the Entitlement Offer (including any Shortfall) and the Placements
<b>Placements</b>	The Sentient Placement and the Institutional Placement
<b>Record Date</b>	7pm (AEST) on Tuesday, 21 June 2016
<b>Register</b>	The register of Shareholders required to be kept under the Corporations Act
<b>Related Body Corporate</b>	A 'related body corporate' as defined in the Corporations Act

<b>Related Party</b>	A 'related party' as defined in the ASX Listing Rules
<b>Sentient Fund IV</b>	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.
<b>Sentient Placement</b>	Subject to Shareholder approval, the proposed placement to be conducted by Iron Road on Monday, 25 July 2016 to raise approximately \$3.75 million through an offer of 37,482,000 New Shares at the Issue Price to Sentient Fund IV
<b>Sentient Shareholders</b>	Sentient Executive GP II, Limited, Sentient Executive GP III, Limited, and Sentient Executive GP IV, Limited being the registered holders of Shares in Iron Road
<b>Share</b>	A fully paid ordinary share in Iron Road
<b>Share Registry</b>	Security Transfer Registrars Pty Ltd ACN 008 894 488
<b>Shareholder</b>	A holder of Shares in Iron Road
<b>Short Term Debt Facility</b>	The Promissory Note for AU\$4,000,000 entered into between the Company and Sentient Global Resources Fund IV, L.P.
<b>Shortfall</b>	The number of New Shares which were not applied for by Eligible Shareholders pursuant to their respective Entitlements
<b>Shortfall Cap</b>	The maximum number of Shortfall Shares that an Eligible Shareholder can apply for under the Shortfall Facility, as described in <b>section 2.4</b>
<b>Shortfall Facility</b>	The offer to subscribe for New Shares in excess of a Shareholder's Entitlement as described in <b>section 2.4</b>
<b>Shortfall Shares</b>	New Shares applied for by Eligible Shareholders under the Shortfall Facility that are in excess of the Entitlements of those Eligible Shareholders and which are issued to Eligible Shareholders

## 8 ASX Entitlement Offer announcement

9 Iron Road Investor Presentation dated 16 June  
2016

