



# Iron Road Limited

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**ABN 51 128 698 108**

## **Notice of Extraordinary General Meeting Proxy Form and Explanatory Statement**

**Date of meeting**

Monday, 25 July 2016

**Time of meeting**

10am (AEST)

**Place of meeting**

Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney, New South Wales

*This Notice of Extraordinary General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.*

## Notice of Extraordinary General Meeting

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NOTICE IS HEREBY GIVEN THAT AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF IRON ROAD LIMITED ABN 51 128 698 108 (“Iron Road”/the “Company”) WILL BE HELD AT RADISSON BLU PLAZA HOTEL, 27 O’CONNELL STREET, SYDNEY, NEW SOUTH WALES ON MONDAY, 25 JULY 2016, AT 10.00AM (AEST).

### AGENDA

#### Business

An Explanatory Statement containing information in relation the following Resolution accompanies this Notice of Extraordinary General Meeting.

#### SPECIAL BUSINESS

1. **Resolution 1 – Issue of shares to Sentient Executive GP IV, Limited**

To consider and, if thought fit, pass, the following Resolution as an ordinary resolution:

*“That for the purposes of ASX Listing Rule 10.11 and all other purposes, shareholders approve the issue and allotment by the Company of up to 37,482,000 fully paid ordinary shares in the capital of the Company to Sentient Executive GP IV, Limited, a member of the Sentient Group and related party of the Company, at an issue price of \$0.10 per share on terms identical to the Company’s existing ordinary shares and to be issued no later than 1 month after the date of this meeting.”*

#### Voting Exclusion Statement

In accordance with ASX Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on Resolution 1 by:

- Sentient Executive GP IV, Limited, and its associates;
- Sentient Executive GP II, Limited, and its associates;
- Sentient Executive GP III Limited, and its associates;
- Peter Cassidy, and his associates;\* and
- Ian Hume, and his associates.\*

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

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\* Peter Cassidy and Ian Hume are directors of the Company but are not associates of the Company pursuant to section 12 of the Corporations Act 2001 (Cth). However, as Peter Cassidy and Ian Hume are connected to other entities within the Sentient Group, the Company has determined, as a matter of good corporate governance, that Peter Cassidy and Ian Hume should be excluded from voting on the resolution.

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**BY ORDER OF THE BOARD**

**Julian Gosse**

**Independent Non-Executive Director**

**Dated 16 June 2016**

## **ENTITLEMENT TO ATTEND AND VOTE**

You will be entitled to attend and vote at the Extraordinary General Meeting if you are a Shareholder of the Company at 7 pm (AEST) on Saturday, 23 July 2016. This is because, in accordance with the Corporations Regulations 2001 (Cth), the Board of Directors has determined that the Shares on issue at that time will be taken, for the purposes of the Extraordinary General Meeting, to be held by the persons who held them at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

## **HOW TO VOTE**

### **Voting in person**

Shareholders who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting if possible, so that their holding may be checked against the Company's register of members and attendances recorded.

### **Corporate representatives**

A body corporate, which is a Shareholder or which has been appointed as a proxy, may appoint an individual to act as its corporate representative at the meeting in accordance with section 250D of the Corporations Act. The appropriate appointment document must be produced prior to admission. A form of the certificate can be obtained from the Company's registered office.

### **Voting by Proxy**

A Shareholder who is entitled to attend and cast a vote at the meeting may appoint a proxy. A proxy need not be a Shareholder and may be an individual or body corporate. If a body corporate is appointed as a proxy, it must appoint a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the meeting (refer above).

A Shareholder who is entitled to cast two or more votes may appoint two proxies to attend the meeting and vote on their behalf and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions). If you wish to appoint a second proxy, you may copy the enclosed proxy form or obtain a form from the Company's registered office.

To be effective for the scheduled meeting a proxy appointment (and any power of attorney or authority under which it is signed or otherwise authenticated, or a certified copy of that authority) must be received at an address or fax number below no later than 10 am (AEST) Saturday, 23 July 2016, being 48 hours before the time of the meeting. Any proxy appointment received after that time will not be valid for the scheduled meeting.

**In person****Registered Office**

Iron Road House  
Level 6, 30 Currie Street,  
Adelaide, South Australia 5000

**Share registry**

Security Transfer Registrars Pty Ltd  
Alexandrea House  
Suite 1, 770 Canning Highway  
Applecross, Western Australia 6153

**By mail**

Security Transfer Registrars Pty Ltd  
PO Box 535  
Applecross, Western Australia 6953

**By fax**

(08) 9315 2233

**By email**

registrar@securitytransfer.com.au

**For further information concerning the appointment of proxies and the ways in which proxy appointments may be submitted, please refer to the enclosed proxy form.**

**Voting by attorney**

A shareholder may appoint an attorney to attend and vote on their behalf. For an appointment to be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at one of the addresses listed above for the receipt of proxy appointments at least 48 hours prior to the commencement of the meeting.

**Chairman as proxy**

If you appoint a proxy, the Company encourages you to consider directing them how to vote by marking the appropriate box on each of the proposed Resolutions.

If a Shareholder entitled to vote on a Resolution appoints the Chairman of the meeting as their proxy (or the Chairman becomes their proxy by default) and the Shareholder does not direct the Chairman how to vote on the Resolution the Chairman intends to vote in favour of the Resolution, as proxy for that Shareholder on a poll.

If you do not want to put the Chairman of the meeting in the position to cast your votes in favour of any of the proposed Resolutions, you should complete the appropriate box on the proxy form, directing your proxy to vote against, or to abstain from voting, on the resolution.

## Explanatory Statement

**This Explanatory Statement is for the information of Shareholders of Iron Road Limited (the Company) in connection with Resolution to be considered at the Extraordinary General Meeting of the Company to be held on Monday, 25 July 2016 at 10.00AM (AEST). If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors before voting.**

### **SPECIAL BUSINESS**

#### **Resolution 1 – Issue of Shares to Sentient Global Resources Fund IV, L.P.**

##### **1. Background**

On Thursday, 16 June 2016, the Company announced:

- a 1 for 9 non-renounceable entitlement offer of shares at an offer price of \$0.10 per New Share (**Issue Price**) to raise up to a maximum of approximately \$6.46 million (before costs). The Entitlement Offer will not be underwritten;
- an institutional placement of 10,518,000 New Shares to certain institutional shareholders at the Issue Price to raise approximately \$1.05 million (before costs); and
- subject to shareholder approval, an institutional placement of 37,482,000 New Shares to Sentient Executive GP IV, Limited, in its capacity as general partner of Sentient GP IV, L.P., which in turn acts as the general partner of Sentient Global Resources Fund IV, L.P. (**Sentient Fund IV**) at the Issue Price to raise approximately \$3.75 million (before costs).

The maximum possible offer proceeds (before costs) under the Entitlement Offer and Placements are \$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.

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. 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. 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 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.

The Offer Proceeds will be used to complete environmental and engineering studies required to obtain governmental approvals for the Central Eyre Iron Project 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.

The Company will also use Offer Proceeds raised to repay the Short Term Debt Facility 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 set off against any outstanding amounts under the Short Term Debt Facility.

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.

For further information regarding the Sentient Funds, the potential control effect and the capital structure following the Entitlement Offer and the Placements, please see **section 6**.

## **2. Approval required**

ASX Listing Rule 10.11 provides that a listed company must not issue or agree to issue securities (including shares) to a related party without the approval of holders of ordinary shares. Sentient Fund IV is a related party of the Company as it and its associates (Sentient Executive GP II, Limited and Sentient Executive GP III, Limited) together currently have an aggregate voting power of 72.85%, before the Entitlement Offer and Placements, in the Company. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out the relevant information requirements that are to be provided to Shareholders in this Explanatory Statement.

If Resolution 1 is passed, then the shares may be issued to Sentient Executive GP IV, Limited.

## **3. Details of shares to be issued**

In compliance with ASX Listing Rule 10.13, the following information is provided.

### **Name of person**

Sentient Executive GP IV, Limited, a member of the Sentient Group.

### **Maximum number of shares to be issued**

37,482,000 fully paid ordinary shares under the Sentient Placement.

### **Proposed date of issue of shares**

No later than 1 month after the date of this Extraordinary General Meeting.

### **The relationship between the person and the Company**

The person is a related party of the Company as it and its associates (Sentient Executive GP II, Limited and Sentient Executive GP III, Limited) together currently have an aggregate voting power of 72.85%, before the Entitlement Offer and Placements, in the Company.

### **Subscription price**

\$0.10 per share.

### **Term of the securities**

The issued shares are fully paid ordinary shares and are on terms identical to the Company's existing ordinary shares.

### **User or intended use of the funds raised**

The proceeds of the funds raised will be used, together with the proceeds of the Entitlement Offer, to:

- (a) conduct environmental and engineering work programs required to obtain governmental approvals for the Central Eyre Iron Project and continue other stakeholder engagement activities;
- (b) continue necessary iron ore marketing and support 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 the Company.

## **4. Independent Directors' recommendation**

The Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

## **5. Voting exclusion statement**

In accordance with ASX Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on Resolution 1 by:

- Sentient Executive GP IV, Limited, and its associates;
- Sentient Executive GP II, Limited, and its associates;
- Sentient Executive GP III, Limited, and its associates;
- Peter Cassidy, and his associates;\* and
- Ian Hume, and his associates.\*

However, the Company need not disregard a vote if:

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\* Peter Cassidy and Ian Hume are directors of the Company but are not associates of the Company pursuant to section 12 of the Corporations Act 2001 (Cth). However, as Peter Cassidy and Ian Hume are connected to other entities within the Sentient Group, the Company has determined, as a matter of good corporate governance, that Peter Cassidy and Ian Hume should be excluded from voting on the resolution.



- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 6. Other material information

### (a) Potential effect on control and capital structure

There are three shareholders in Iron Road advised by the Sentient Group, being Sentient Executive GP II, Limited, Sentient Executive GP III, Limited, and Sentient Executive GP IV, Limited (**Sentient Shareholders**). These three shareholders hold their Shares on behalf of the Sentient Global Resources Trust II, Sentient Fund II, Sentient Fund III, SGRF III Parallel I, L.P. and Sentient Global Resources Fund IV, L.P. respectively (**Sentient Funds**).

The Sentient Shareholders holds their Iron Road Shares as a fiduciary of the relevant Sentient Fund.

At the date of this Notice of Extraordinary General Meeting, the Sentient Shareholders hold 72.85% of the ordinary shares in the Company, before the Entitlement Offer and Placements. The Sentient Funds currently have the capacity to control the Company because collectively the Sentient Funds have sufficient voting power to pass resolutions to remove or appoint Directors and therefore have the capacity to determine the composition of the Board and to control the financial and operating policies of the Company.

Each of Sentient Global Resources Trust II, Sentient Fund II, Sentient Fund III and SGRF III Parallel I, L.P. has indicated to the Company that it presently does not intend to take up its Entitlement under the Entitlement Offer. However, each of the aforementioned funds reserves the right to change its intentions. Sentient Fund IV has agreed to take up its full Entitlement under the Entitlement Offer and, subject to Shareholder approval, has agreed to participate in the Sentient Placement.

Following the close of the Entitlement Offer and, subject to Shareholder approval, the Sentient Placement, as a result of New Shares which will be issued to Sentient Executive GP IV, Limited, the voting power of the Sentient Funds in the Company may increase.

The table below illustrates the possible effects of the Entitlement Offer and the Placements on the voting power of the Sentient Funds. The figures in the table have been calculated on the basis that: (a) neither Sentient Fund II nor Sentient Fund III take up their Entitlements; (b) each of Sentient Fund IV, Peter Cassidy, Ian Hume and the institutional shareholders (participating in the Institutional Placement) will fully take up their Entitlements; (c) institutional shareholders will be issued New Shares under the Institutional Placement; and (d) Shareholder approval is obtained for the Sentient Placement.

Based on the assumptions set out above, the acquisition of New Shares under the Entitlement Offer and Sentient Placement by Sentient Fund IV will not cause the

voting power of the Sentient Funds to be more than 3 percentage points higher than they had 6 months before such acquisition.

	<b>Impact on the Sentient Funds' voting power</b>
Shares held by Sentient Funds prior to Entitlement Offer and Placements	423,949,051
% voting power of Sentient Funds prior to Entitlement Offer and Placements	72.85%
Maximum number of New Shares which may be issued under the Entitlement Offer and Placements	Approximately 112.66 million New Shares
% voting power of the Sentient Funds following the Entitlement Offer and Placements assuming no Shortfall*	Approximately 71.9 %
% voting power of the Sentient Funds following the Entitlement Offer and Placements assuming 25% Shortfall**	Approximately 72.5 %
% voting power of the Sentient Funds following the Entitlement Offer and Placements assuming 50% Shortfall**	Approximately 73.0 %
% voting power of the Sentient Funds following the Entitlement Offer and Placements assuming 75% Shortfall**	Approximately 73.5 %
% voting power of the Sentient Funds following the Entitlement Offer and Placements assuming the maximum Shortfall**	Approximately 74.1 %

\* Note: this assumes that the Entitlements of Sentient Global Resources Trust II, Sentient Fund II, Sentient Fund III and SGRF III Parallel I, L.P. have been fully taken up by other Eligible Shareholders pursuant to the Shortfall Facility.

\*\*Note: For the purposes of this table, the maximum Shortfall is 20,328,447 Shares, being the maximum number of New Shares available under the Entitlement Offer less the Entitlements of Sentient Fund IV, Peter Cassidy, Ian Hume and the institutional shareholders participating in the Institutional Placement.

As set out in the table above, the maximum increase in the voting power of the Sentient Funds will occur where no Eligible Shareholders (other than Sentient Fund IV, Peter Cassidy, Ian Hume and the institutional shareholders participating in the Institutional Placement) take up their Entitlements, certain institutional shareholders participate in the Institutional Placement and Shareholder approval is obtained for the Sentient Placement. This would result in the aggregate voting

power of the Sentient Funds increasing by an incremental 1.25% (i.e. from 72.85% to approximately 74.1 %).

(b) Capital structure

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 Placements, will be as follows:

<b>Capital structure – assuming Sentient Placement</b>	<b>Number</b>
Shares on issue as at date of this Notice of Extraordinary General Meeting	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 Notice of Extraordinary General Meeting	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

## SCHEDULE 1 – DEFINITIONS

### In this Notice of Extraordinary General Meeting and Explanatory Statement:

<b>AEST</b>	Australian Eastern Standard Time
<b>ASX</b>	Australian Securities Exchange
<b>Board</b>	The board of Directors of the Company
<b>Company</b>	Iron Road
<b>Eligible Shareholder</b>	A Shareholder who is eligible to participate in the Entitlement Offer
<b>Entitlement</b>	The entitlement to 1 New Share for every 9 Shares under the Entitlement Offer
<b>Entitlement Offer</b>	The pro rata non-renounceable offer of 1 New Share for every 9 Shares announced on Thursday, 16 June 2016
<b>Director</b>	A director of Iron Road
<b>Independent Directors</b>	Julian Gosse, Andrew Stocks and Leigh Hall
<b>Institutional Placements</b>	The placements conducted by Iron Road on or about Thursday, 16 June 2016 to raise approximately \$1.05 million through an offer of 10,518,000 New Shares at the Issue Price to certain institutional shareholders.
<b>Iron Road</b>	Iron Road Ltd ABN 51 128 698 108
<b>Issue Price</b>	\$0.10 for each 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 Institutional Placements and the Sentient Placement
<b>Resolution</b>	A resolution set out in the Notice of Extraordinary General Meeting
<b>Sentient Fund II</b>	Sentient Global Resources Fund II, L.P. of Landmark Square, 1 <sup>st</sup> Floor, West Bay Beach South, 64 Earth Close, Grand Cayman KY1-1007, Cayman Islands
<b>Sentient Fund III</b>	Sentient Global Resources Fund III, L.P. of Landmark Square, 1 <sup>st</sup> Floor, West Bay Beach South, 64 Earth Close, Grand Cayman KY1-1007, Cayman Islands
<b>Sentient Fund IV</b>	Sentient Executive GP IV, Limited, in its capacity as general partner of Sentient GP IV, L.P., which in turn acts as the general partner of Sentient Global Resources Fund IV, L.P.
<b>Sentient Funds</b>	The following entities:

	(a)	Sentient Global Resources Trust II
	(b)	Sentient Fund II;
	(c)	Sentient Fund III;
	(d)	SGRF III Parallel I, L.P.;and
	(e)	Sentient Fund IV
<b>Sentient Placement</b>		Subject to shareholder approval, the proposed placement to be conducted by the Company on or about 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 the Company
<b>Shareholder</b>		A holder of a Share in the Company
<b>Shortfall</b>		The number of New Shares which were not applied for by Eligible Shareholders pursuant to their respective Entitlements under the Entitlement Offer
<b>Shortfall Facility</b>		The offer to subscribe for Shares in excess of a Shareholder's Entitlement under the Entitlement Offer
<b>Short Term Debt Facility</b>		The promissory note for A\$4,000,000 entered into between the Company and Sentient Global Resources Fund IV, L.P.