



## ASX ANNOUNCEMENT

Iron Road Limited (Iron Road, ASX:IRD)



# CHINESE AMBASSADOR TO AUSTRALIA VISITS JOINT PROJECT DEVELOPMENT TEAM IN ADELAIDE

## Ambassadorial Visit follows Commencement of Debt Financing Discussions between China Railway Group Limited (CREC), Iron Road and Major Chinese Banks

**Iron Road Limited** (Iron Road, ASX: IRD) is pleased to announce that His Excellency Mr Cheng Jingye, Chinese Ambassador to Australia, visited the joint Iron Road-CREC development team at Iron Road House yesterday. Mr Andrew Stocks, Managing Director, Iron Road welcomed Mr Cheng Jingye to Adelaide and his address is reproduced at the end of this release. The Ambassador's visit coincides with the arrival of two teams of specialist CREC engineers from Kuala Lumpur and Beijing, accompanied by senior CREC executives. Almost 60 China Railway Group staff are currently working with Iron Road as part of the Project Commercialisation Programme for the Central Eyre Iron Project (CEIP).



His Excellency Mr Cheng Jingye, Chinese Ambassador to Australia, Mr Victor Li, Iron Road-Chief Representative China (left) and Mr Xiuqing Wang, Chief Economist, China Railway Oriental International Construction Corporation (right).

Iron Road is also pleased to advise that debt financing discussions for the CEIP have commenced with major Chinese Banks. Subject to a positive Final Investment Decision, key elements of debt financing packages are expected to incorporate i) CREC providing a completion guarantee to the lenders, ii) long-term tenor (15+ years) and, iii) guaranteed iron concentrate offtake agreements at transparent market pricing terms equivalent to annual debt servicing costs.

The joint Project Commercialisation Programme's primary objective is targeting 20-25% capital cost efficiencies compared with Iron Road's October 2015 Optimisation Study findings. Another major element is ensuring that the industry competitive operating cost structure that Iron Road has demonstrated through many years of detailed studies can be underpinned by competitive power pricing in South Australia. Iron Road, together with the State's major existing industrial users of power, continue to examine the optimal long-term solution for securing both a competitive and secure supply of power from 2020 onwards.

**Welcome Address by Mr Andrew Stocks-**

*I would like to formally welcome His Excellency Mr Cheng Jingye, China's Ambassador to Australia to the offices of Iron Road today to meet with the Iron Road and the China Railway Group Limited team. His Excellency's visit comes at a very important and exciting time for the Central Eyre Iron Project which we are now jointly pursuing on an accelerated basis with our project partner CREC. Also visiting us today we have Consul-General Rao Hongwei, and senior officials from China's Embassy in Canberra and Consulate offices in Adelaide.*

*The Central Eyre Iron Project is an integrated project covering an iron ore mining operation and processing plant and a significant new railway and deep water port development on the Eyre Peninsula. We expect to export a significant quantity of high grade iron product to our customers in China.*

*Infrastructure Australia has declared the infrastructure aspects of the project, including the port and rail, as a national priority for Australia. We are one of only ten such Priority Projects in Australia, and the only 'Opportunity for Growth' Project listed.*

*With our partner, CREC, we expect to unlock this potential for the State of South Australia, and the wider Commonwealth. CREC is of course Asia's largest integrated infrastructure construction group and one of the world's top engineering firms.*

*Together with CREC, we are progressing the commercialisation plans, and are targeting construction to commence in 2018. This will deliver significant local benefits, as well as a strong investment opportunity for our partners. It will of course demonstrate to Australia firsthand, CREC's impressive construction capabilities in an era where infrastructure project growth is expected to accelerate sharply.*

*Partnerships, such as ours, between Iron Road and CREC, help to build business and cultural understanding and are the ultimate expression of the friendship between Australia and China.*

*Your Excellency, again thank you for visiting us today, and I look forward to updating you again soon on the Central Eyre Iron Project, our partnership with CREC and how we see developments benefiting our two countries.*

**- ENDS -**

**For further information, please contact:**

Andrew Stocks, Managing Director  
Iron Road Limited  
Tel: +61 8 8214 4400  
Email: [admin@ironroadlimited.com.au](mailto:admin@ironroadlimited.com.au)

Shane Murphy  
FTI Consulting  
Tel: +61 8 9485 8888  
Email: [shane.murphy@fticonsulting.com](mailto:shane.murphy@fticonsulting.com)

**Or visit [www.ironroadlimited.com.au](http://www.ironroadlimited.com.au)**