



About Iron Road

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

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

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

Infrastructure Australia has declared the CEIP infrastructure (rail and port) a Priority Project, one of only ten Projects nationwide.

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

A strategic co-operation agreement with China Railway Group includes a Project Commercialisation Programme with the aim to finalise a whole-of-project financing solution.

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

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Highlights

Central Eyre Iron Project

- **Iron Road and CREC Project Commercialisation Programme continued with an emphasis on value engineering and the capital re-estimate.**
- **Joint CREC-Iron Road meetings with three major Chinese Banks planned for late February 2017 in Beijing and Shanghai.**
- **Australian Government renewed the Major Project Facilitation (MPF) service for the CEIP.**
- **Indigenous Land Use Agreement (ILUA) registered by the National Native Title Tribunal.**
- **Regional Development Australia Whyalla and Eyre Peninsula (RDAWEP), on behalf of Iron Road, commenced a Registration of Preliminary Interest process in relation to the Cape Hardy port development.**



Iron Road Limited Chairman Dr Peter Cassidy, The Hon Darren Chester MP, Minister for Infrastructure & Transport and Head of China Railway Group Limited's International Business Mr Cai Zemin during the signing of the renewal of the Major Project Facilitation service for the CEIP.

Central Eyre Iron Project (CEIP)

Project Commercialisation Programme

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

During early April 2016 Iron Road announced the signing of a Strategic Co-operation Agreement with a wholly owned subsidiary of China Railway Group Limited (CREC) – Asia’s largest integrated construction group and currently ranked number one in the Engineering News Records list of the world’s Top 250 Global Construction Companies.

The Agreement with CREC includes a Commercialisation Program, consisting of 11 key elements. Each element is a distinct cooperative activity between Iron Road and CREC in support of a Final Investment Decision (FID) and securing project finance. A project management office has been established within the Iron Road Adelaide office, permitting key CREC personnel to be present for the duration of the Commercialisation Programme.

Significant time and effort was spent assisting CREC with their value engineering and capital re-estimate component of the commercialisation programme, including a comprehensive review of the basis of design for the project. Following three detailed site visits by CREC port, rail, mine and process plant specialists, a CREC Project Manager, resident in the Iron Road office, assisted with information transfer to numerous large engineering teams based in both China and Malaysia.

Through information exchange, detailed question and answer sessions and detailed site visits, CREC have been able to review and refine the capital requirement for the project and together with Iron Road, form a picture of how the implementation of the Project could occur. CREC are compiling the complete review of the CEIP development.

The Commercialisation Programme’s initial objective remains pursuing US\$600 million of capital cost efficiencies compared with Iron Road’s October 2015 Optimisation Study findings that highlighted a US\$4 billion capex for the CEIP. Another major element is ensuring that the industry competitive operating cost structure that Iron Road has demonstrated through its detailed studies may be underpinned by competitive (future) power pricing in South Australia. Iron Road, together with the State’s major existing industrial users of power, continue to examine optimal long-term solutions for securing both a competitive and secure supply of power with the CEIP expected to draw a significant load of electricity as the mine and process plant progressively ramp-up from a currently projected 2020 start-up.

Following Chinese New Year, joint CREC-Iron Road meetings with major Chinese Banks are planned for late February 2017 in Beijing and Shanghai. Together with CREC’s fully documented review of the CEIP, after nine months of due-diligence activities, the meetings with the Banks will further progress discussions on key subjects including:

- anticipated project gearing level (70-75%);
- all-in costs of funding;
- loan tenor (15+ years); and

- debt and hedging facilities provided on a non-recourse basis, subject to an acceptable Completion and Performance Guarantee from CREC over the assets to be financed.

Spot benchmark iron ore prices (62% Fe Fines CFR China, in AUD terms) are currently over 20% higher than CEIP's modelled long-term (2021-2035) real benchmark price assumptions.

Project Approvals & Environmental

The Indigenous Land Use Agreement (ILUA) negotiated and executed by Iron Road, the Barngarla Aboriginal Corporation, Attorney General and SA Native Title Services Ltd, was registered by the National Native Title Tribunal on 1 December 2016. This was the final process required to bring the ILUA, covering all components of the CEIP, into operation.

The Department of State Development (DSD) has released two Discussion Papers in relation to its review of the South Australian mining legislation and is seeking comment from all interested parties by 24 February 2017. Iron Road representatives will participate in the review through the SA Chamber of Mines and Energy (SACOME) and the Association of Mining and Exploration Companies (AMEC).

Community & Stakeholder Engagement

Iron Road, with grain partner Emerald Grain (Sumitomo), sponsored and participated in the Wudinna Community Centenary and Annual District show. As part of the town's 100 year celebrations, Iron Road and Emerald Grain prepared a display inspired by the historical spirit of the festivities. A timeline of the Warramboe iron occurrence, dating back to the first Department of Mines drill hole in 1961, through to the present day, highlighted the various strategic partnerships now in place to advance the CEIP to development. Of particular interest for the show audience was the Iron Road-Emerald Grain partnership and the benefits this relationship will bring to local communities.

Community and stakeholder engagement activities with various groups continued throughout the Quarter, including discussions and meetings with District Councils, State and Federal Government agencies, State and Federal politicians, landowners and the agricultural industry.

Corporate

At a meeting held in Canberra on 10 November 2016, and attended by Iron Road's Chairman Dr Peter Cassidy and Managing Director Mr Andrew Stocks, together with Mr Cai Zemin of CREC, the Hon Darren Chester, Federal Minister for Infrastructure and Transport, renewed the Company's Major Project Facilitation service in respect of the CEIP. The renewal recognises, on a national level, the strategic significance of the CEIP to the State's economic growth, employment and infrastructure development.

In early December 2016 an open invitation was made by Regional Development Australia Whyalla and Eyre Peninsula (RDAWEP) to third parties, interested in utilising Iron Road's proposed Cape Hardy port facilities, to submit a non-binding Registration of Preliminary Interest. Individuals and businesses that may wish to use the port facilities for the import or export of commodities, goods and services, or service providers essential for general port operations, were encouraged to contact RDAWEP for further information. A brochure "Cape Hardy Port Development – Invitation for Registrations of Preliminary Interest" contains relevant information for potential users and is available from the Iron Road and RDAWEP websites (www.rdawep.org.au).

Cape Hardy Port Development

Invitation for Registrations of Preliminary Interest

13 December 2016

Eyre Peninsula, South Australia.



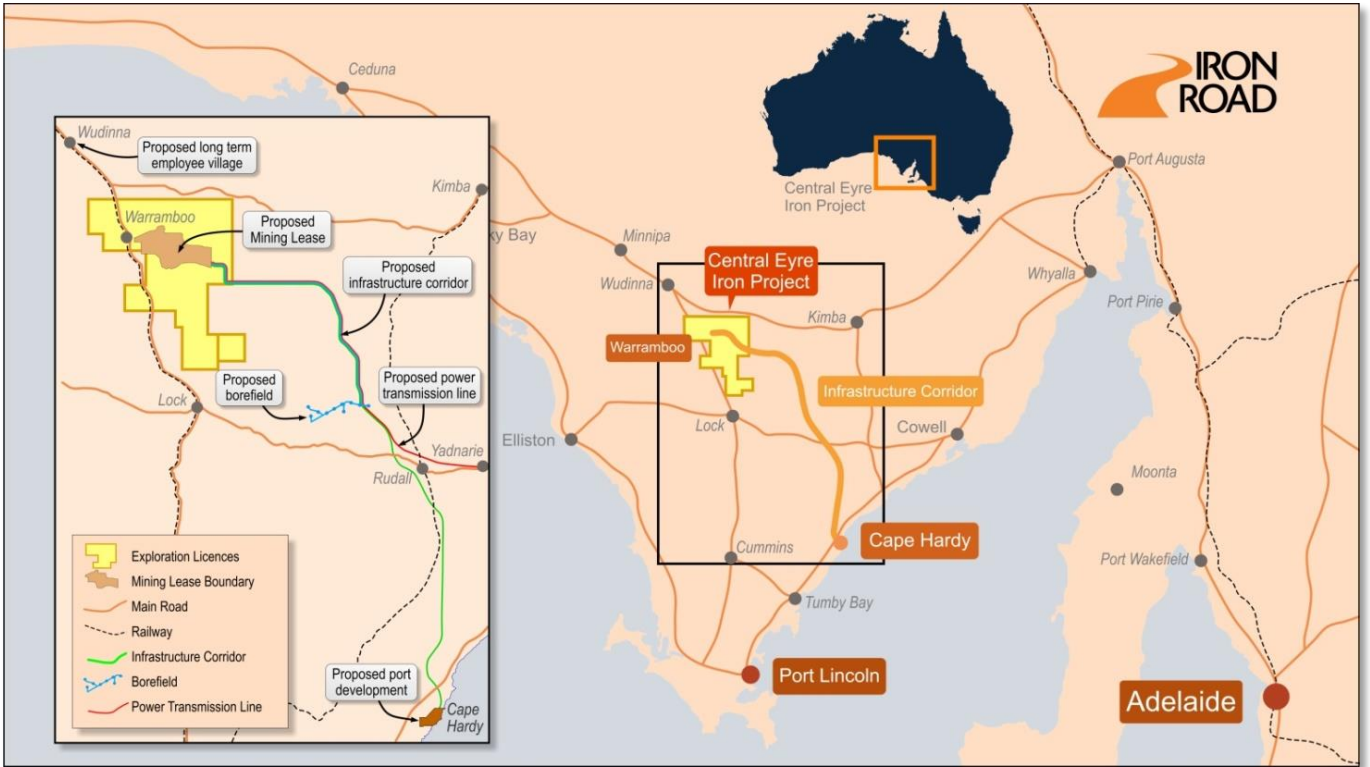
“Cape Hardy Port Development – Invitation for Registrations of Preliminary Interest” – brochure available on Iron Road and RDAWEP websites

Tenement Schedule

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

South Australia	Tenement Reference	Interest
Warrambo	EL4849	100%
Lock	EL5496	100%
Mulgathing	EL4951	90% Iron Ore rights
	EL5298	90% Iron Ore rights
	EL5661	90% Iron Ore rights
	EL5720	90% Iron Ore rights
	EL5183	81% Iron Ore rights
	EL5732	81% Iron Ore rights
	EL5767	81% Iron Ore rights

-Ends-



For further information, please contact:

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Iron Road Limited

ABN

51 128 698 108

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(259)	(536)
(b) development	-	-
(c) production	-	-
(d) staff costs	(381)	(732)
(e) administration and corporate costs	(610)	(1,196)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,249)	(2,461)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(2)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	(2)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	8,510
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(253)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(4,000)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	4,257

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,991	948
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,249)	(2,461)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(2)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	4,257
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	2,742	2,742

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,652	3,901
5.2 Call deposits	90	90
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,742	3,991

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	169
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

N/A

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	82
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	294
9.2 Development	-
9.3 Production	-
9.4 Staff costs	351
9.5 Administration and corporate costs	580
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,225

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Company secretary

Date: 25 January 2017

Print name: **Jaroslaw (Jarek) Kopias**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.