

## 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

- Mining Lease and Development Approval for the CEIP granted by the South Australian Government on 3 May 2017.
- Iron Road's Central Eyre Iron Project (CEIP) partner, China Railway Group Limited (CREC), delivers an estimated US\$295 million of capital savings as part of the Joint Project Commercialisation Programme.
- Thiess-RWE appointed to conduct a final, mine plan and schedule review, expected to drive additional mine establishment efficiencies and further maximise project value.
- Short term working capital requirements to be serviced from the receipt of \$1 million in debt finance from major shareholder, The Sentient Group.



The Hon Jay Weatherill MP, Premier of South Australia, the Hon Tom Koutsantonis MP, Minister for Minerals and Energy, and Mr Andrew Stocks, Managing Director of Iron Road Limited at the press conference held on 3 May 2017 in Adelaide where the key approvals for the Central Eyre Iron Project were announced.

## Central Eyre Iron Project (CEIP)

### Project Commercialisation Programme

A Strategic Cooperation Agreement signed in 2016 with a wholly owned subsidiary of China Railway Group Limited (CREC) includes a comprehensive Commercialisation Programme in support of a Final Investment Decision (FID) and securing project finance. This programme includes a 12 month project familiarisation and due diligence process which has now concluded.

Iron Road and CREC engineering teams collaborated closely to review the CAPEX component of the CEIP, including a detailed review of the project engineering. CREC meticulously reviewed original calculations, designs and quotations in arriving at their design review conclusions. This process included three comprehensive site visits from various specialist CREC engineering teams. As a consequence the estimated capital cost of the CEIP has been reduced by nearly US\$300 million to US\$3.7 billion, primarily driven by CREC's in-house procurement systems and leverage associated with key capital items and equipment required. CREC is one of the world's largest construction companies, and the key development and financing partner for the CEIP given its status as a key client of major Chinese financial institutions.

### Project Approvals & Environmental

On 3 May 2017, the Premier of South Australia, the Hon Jay Weatherill MP and the Minister for Mineral Resources and Energy, the Hon Tom Koutsantonis MP, jointly announced the approval of Iron Road's Mining Lease and Development Applications for the CEIP. Mineral Lease (ML) 6467 has been granted for a term of 21 years (and may be renewed for a further term) while the Development Approval (DA) has no expiry date.

The last outstanding major approval for the CEIP is a decision by the Commonwealth Minister for the Environment and Energy (DoEE) in respect of the offshore/shipping component of the CEIP under the *Environment Protection and Biodiversity Conservation Act, 1999*. This remains outstanding due to the high volume of applications being experienced by the DoEE but is expected during the early part of Q3, 2017.

Iron Road has commenced the drafting of two secondary approvals for the CEIP – a Program for Environment Protection and Rehabilitation (PEPR) for the mine and a Construction Environmental Management Plan (CEMP) for the infrastructure. The PEPR and CEMP are being prepared in line with legislative requirements and the conditions of the ML and DA. Targeted engagement with relevant stakeholders will be undertaken during Q3, 2017.

Other approvals required prior to the commencement of construction include those relating to the operation of the port and railway and EPA licences for both the mine and infrastructure.

## Community & Stakeholder Engagement

Iron Road met with staff and elected members of the Wudinna, Kimba, Cleve and Tumby Bay district councils, being the four Councils to be directly affected by the CEIP operations. The briefings included a project update, current work being undertaken and next steps in the lead up to Iron Road's final investment decision.

Other engagement included a series of informal meetings with various stakeholders including the DC of Elliston, the Eyre Peninsula Local Government Association, Regional Development Australia Whyalla and Eyre Peninsula and CSIRO.

## Corporate

Thiess-RWE, leading experts in continuous mining systems such as in-pit crushing and conveying and mining contracting, has been appointed to conduct a final, short mine plan review at CEIP. The review is, at no cost to Iron Road, expected to drive additional mine establishment efficiencies around the planned use of in-pit crushing and conveying. Findings are anticipated during August 2017 and will shape a key component of the Independent Technical Expert report that will be provided to Chinese Banks and other financial institutions during their due diligence processes.

Preparations for the debt financing due diligence process was a key focus during the June quarter with parties shortlisted for critical phase 1 scopes of work. In addition to the Independent Technical Expert report, the engagement of a suitably experienced Project Finance law firm to undertake comprehensive legal services as well as the commissioning of an updated market report from a well credentialed and independent resources consultancy is expected to occur during the September Quarter.

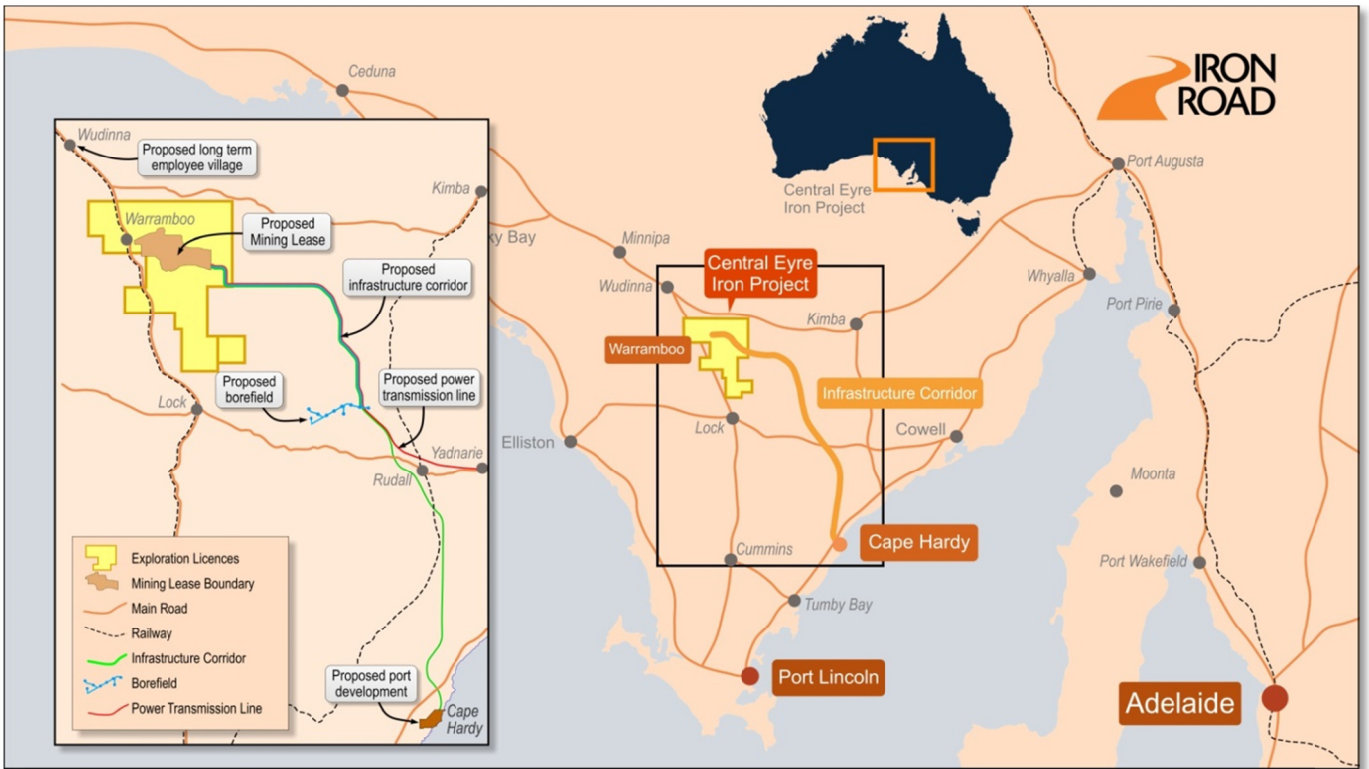
Iron Road advised early in July 2017 that short term working capital requirements would be serviced from the receipt of \$1 million in debt finance from its major shareholder, The Sentient Group. The facility, which is due to be repaid by June 2018, attracts a zero rate of interest and does not bear any fees. Work continues on securing additional project partners amenable to both Iron Road and CREC.

## Tenement Schedule

Following is the schedule of Iron Road Limited tenements as at 30 June 2017.

South Australia	Tenement Reference	Interest
Warrambo	EL5934	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")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(265)	(1,228)
(b) development	-	-
(c) production	-	-
(d) staff costs	(393)	(1,477)
(e) administration and corporate costs	(456)	(2,150)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	4
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,114)</b>	<b>(4,851)</b>

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(2)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	1,000	1,000
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,000</b>	<b>5,257</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,466	948
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,114)	(4,851)
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)	1,000	5,257
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,352</b>	<b>1,352</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	1,262	1,376
5.2 Call deposits	90	90
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,352</b>	<b>1,466</b>

6. <b>Payments to directors of the entity and their associates</b>	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. <b>Payments to related entities of the entity and their associates</b>	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	

N/A

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	1,000	1,000
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.		

A short term working capital facility of \$1million from major shareholder The Sentient Group was made available during the quarter. The facility due to be repaid by June 2018 attracts a zero interest rate and zero fees.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
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)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,225</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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: 26 July 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.