

## About Iron Road

Iron Road Limited was established to capitalise on the growing global demand for iron ore. Iron Road has a strong project portfolio including a well-located development stage project, complemented by another early stage project.

Iron Road's principal project is the Central Eyre Iron Project (CEIP) in South Australia.

A definitive feasibility study confirms the compelling commercial case for a mining, beneficiation and infrastructure solution with production of 21.5Mtpa of premium iron concentrates for export.

Metallurgical test work indicates that a coarse-grained, high grade, blast furnace quality concentrate may be produced with low impurities.

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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**Iron Road Limited** continued with optimisation studies following the February 2014 release of the Definitive Feasibility Study (DFS) for the flagship Central Eyre Iron Project (CEIP). A data room was established to facilitate detailed project review and the life of mine operating cost model and underlying financial parameters were subject to independent third party critique. A drilling programme was planned to allow for optimised pit shell design and to confirm the eastern extension of the Boo-Loo prospect.

## HIGHLIGHTS

### Central Eyre Iron Project (CEIP)

- Life of mine operating cost model and underlying financial parameters subjected to independent, third party critique by a leading iron ore and steel industry consultant, including a customer focussed review.
- Second bulk concentrate sample despatched for testing in Beijing by China Iron & Steel Research Institute Group (CISRI), expected to further endorse CEIP's product as a high quality, direct sinter feed.
- Optimisation underway to scale-up planned nameplate production to 24Mtpa (dry) delivering blended 110-130 micron (p80) concentrate grading  $\geq 66.5\%$  iron and  $\leq 3.5\%$  silica.
- Stage IX drilling programme in progress with the objective of building a 25+ year mine life at annual output of 24Mtpa and initiate an optimised pit shell design to refine the in-pit crushing and conveying (IPCC) mine plan.

### Corporate

- Data room established to facilitate detailed project review by potential project participants.
- Howard Rae, formerly of Argyle Diamonds Ltd and Aquila Resources Ltd appointed as Chief Financial Officer following Lex Graefe's retirement.

**Figure 1**

**View over port location, Cape Hardy**



## PROJECTS

### Central Eyre Iron Project (CEIP)

The CEIP is located on the Eyre Peninsula, South Australia. The proposed mine site at Warramboe is located 28 kilometres southeast of the regional centre of Wudinna, and the proposed port is seven kilometres south of Port Neill at Cape Hardy (Figure 2). The mine and the port are planned to be linked by an infrastructure corridor containing rail, water and power.



Figure 2

Location of the CEIP, showing mine, infrastructure corridor and port.

Project studies undertaken for the DFS incorporate mining and ore processing, as well as rail and concentrate export facilities. The CEIP offers an operating life in excess of 25 years. The defined resource at Warramboe contains continuous and consistent mineralisation over more than six kilometres of strike and is amenable to large scale, open pit extraction methods.

Ore treatment by conventional crushing, milling and magnetic/gravity separation is planned to deliver high-grade, very coarse grained concentrates, marketed primarily as a high quality blending feedstock for sinter plants, which feeds the majority of blast furnaces internationally.

Iron Road has acquired 1,100 hectares of land at Cape Hardy for a Capesize-capable port facility as part of its integrated export solution for the CEIP iron concentrates. The port is planned to have an initial capacity of at least 70 million tonnes per annum (Mtpa), with approximately 50Mtpa capacity potentially available to third parties. The DFS includes construction of a heavy haul, standard gauge rail line between the mine and port. The rail system may be expanded to connect with the existing national rail network, extending port access to the greater southern Australia. The proposed port is expected to experience relatively benign weather all year round with no seasonal cyclonic activity to hinder operations.





## Definitive Feasibility Study (DFS)

Details of the DFS estimate were released to the ASX early in 2014. For a more detailed account of the study, including the estimate and assumptions made, the reader is referred to the ASX and Media announcement dated 26 February 2014 which is available on both the Iron Road Limited and ASX websites. Since this time optimisation studies have commenced and the life of mine operating cost model and underlying financial parameters have been subjected to independent third party review.

The results of the studies and reviews will be released to the market as they become available. A data room has been established to facilitate detailed project review by interested parties and is being populated with the DFS estimate itself and supporting documentation. More details of this work are available from an ASX and Media announcement dated 23 July 2014 and available on both the Iron Road Limited and ASX website.

## Project Approvals

Following the granting of *Major Project Facilitation* status for the CEIP in March 2014, Iron Road representatives met with State Government and Federal agencies. The purpose of the meeting was to clarify roles in the assessment and approvals processes and to make clear what assistance is available to Iron Road.

Significant improvements in the CEIP required a variation to be made to the existing Major Development declaration previously published by the SA Minister for Planning, the Hon. John Rau. The variation was subsequently published in the SA Government Gazette on 29 May 2014.

Iron Road submitted its Development Application under section 46 of the Development Act 1993 (SA) on 16 June 2014. The application includes all infrastructure to be located outside of the proposed Mining Lease required to support the mining and export of CEIP concentrate. In particular:

- A deep sea port and export facility at Cape Hardy;
- A village to house mine operation staff adjacent to Wudinna; and
- An infrastructure corridor comprising a railway line, power transmission line, water pipeline and bore field.

Government agencies are considering appropriate guidelines after which the Development Assessment Commission (DAC) will set the level of assessment and provide Iron Road with Guidelines. Iron Road expects the level of assessment to be an Environmental Impact Statement (EIS).

A referral under the Environmental Protection and Biodiversity Conservation Act 1999 (Cth) in relation to the CEIP infrastructure has been submitted to the Department of the Environment in Canberra to determine whether the project will become a controlled action under the Act. A referral relating to the mining area proposal will be submitted next quarter.

A range of environmental impact and benefit assessments are continuing in relation to all aspects of the CEIP, including social, economic, dust, groundwater, closure and noise.

Further site visits were hosted by Iron Road for representatives from State Government agencies to review the project areas.

## Resource Drilling

The planning of the Stage IX drilling programme commenced for 15 diamond drill holes totalling 6,700 metres. The purpose of the drilling programme is: (i) to determine the down-dip extension of magnetite mineralisation that is expected to occur between Boo-Loo and Murphy South, (ii) to investigate the eastern extension of the Boo-Loo prospect, and (iii) mineral resource expansion. Results from the programme will aid significantly in the optimised pit shell redesign, allowing for in-pit crushing and conveying (IPCC) mining method.



## Operational Readiness & Project Execution

The compilation of the detailed DFS report is complete, including identifying all relevant engineering drawings, reference lists, enhancement of the module concepts and finalisation of the site layout drawings.

The Project techno-economic and financial models were reviewed and updated. A third party review of the DFS outcomes was completed, including stress testing of the financial model with the subsequent absorption of agreed assumptions, such as forward exchange rates, industry expert price forecasts and quality premiums.

Iron Road continues to engage with contracting entities, providing project briefings and exploring potential opportunities. The discussions include the provision of power infrastructure and potential power supplies.

## Iron Ore Marketing

A 1,080 kg sample of CEIP concentrate from the recent bulk test work programme was airfreighted to China for further sintering feed evaluation at the China Iron & Steel Research Institute Group's New Metallurgy Hi-Tech Group Co. Ltd. The work is expected to confirm the previous very positive sintering results as determined by CISRI in early 2013, along with additional evaluation regarding the potential usage of CEIP concentrate as pellet feed. A large quantity of concentrate has been reserved for prospective customers who wish to conduct their own internal test work.

Discussions with qualifying steel industry participants, who have confirmed interest in project involvement and concentrate offtake, will continue with detailed presentations and introductions to the project data room.

## Community & Stakeholder Engagement

Iron Road organised and hosted various community and public events across the Eyre Peninsula, at Warramboo, Wudinna, Cleve and Tumby Bay, designed to provide information and feedback on the results of the DFS to interested community members and other stakeholders. The events included a combination of public meetings and drop-in, information sessions, and were well attended with over 200 people taking the opportunity to meet with Company representatives and ask questions about the CEIP.

Iron Road also attended smaller meetings with the Port Neill Community Reference Group, Tumby Bay & Districts Community Reference Group and the CEIP Community Consultative Committee (CEIP CCC). Community feedback and input is an important step towards establishing a strong and sustainable project strategy.

The Iron Road Community team attended the Eyre Peninsula Land Use Support (EPLUS) programme 'Understanding Dry Land Farming' to further their knowledge of the industry that currently supports the Eyre Peninsula. This was an opportunity to hear from landowners from other areas who have had first-hand experience dealing with exploration activities on their land, and how business to business interactions are occurring elsewhere.

The Department of State Development's Mining Assessment Team presented to the CEIP CCC in Warramboo describing the Mining Lease Proposal assessment processes and what community groups should expect as a result of consultation.

## South Australia – Gawler Iron Project

The Gawler Iron Project (GIP) is located approximately 25 kilometres north of the standard gauge Trans-Australian Railway that connects to the Central Australia Railway at Tarcoola.

The project hosts mineralisation anticipated to support a small to medium scale magnetite iron ore mining operation with the potential to produce a quality magnetite concentrate using a simple beneficiation process. During the quarter the annual technical report for EL5298 was prepared.



## CORPORATE

Corporate activities for the quarter were focused on ongoing discussion with potential partners following the completion of the DFS, alongside the opening of a data room to support those discussions. The next stage will ideally see progression towards defining a memorandum of understanding for the project development.

Iron Road appointed Mr Howard Rae to replace Mr Lex Graefe as Chief Financial Officer, following Mr Graefe's retirement. Mr Rae has comprehensive mining industry experience having served most recently as the Chief Financial Officer of Rio Tinto subsidiary Argyle Diamonds Ltd, executing a highly successful business improvement program as part of its transition to a new US\$2 billion underground operation. Prior to that, Mr Rae was the Chief Financial Officer at Aquila Resources Ltd, structuring and negotiating a number of significant corporate and project funding transactions relating to its large scale mine, rail and port developments.

## TENEMENT SCHEDULE

Following is the schedule of Iron Road Limited tenements as at 30 June 2014.

Area of Interest	Tenement Reference	Interest
<b>South Australia</b>		
Warrambo	EL4849	100%
Mulgathing	EL5298	90% Iron Ore rights

– ENDS –

### For further information, please contact:

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## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

IRON ROAD LIMITED

ABN

51 128 698 108

Quarter ended ("current quarter")

30 June 2014

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000 (12 months)
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(4,761)	(33,712)
(b) development	-	-
(c) production	-	-
(d) administration	(1,330)	(4,508)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	212	1,166
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other		
GST to be recouped	464	791
Research and development tax refund	-	1,172
<b>Net Operating Cash Flows</b>	<b>(5,415)</b>	<b>(35,091)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(25)	(1,573)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(25)</b>	<b>(1,573)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(5,440)</b>	<b>(36,664)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(5,440)	(36,664)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	52,374
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	(1,282)
	<b>Net financing cash flows</b>	-	51,092
	<b>Net increase (decrease) in cash held</b>	(5,440)	14,428
1.20	Cash at beginning of quarter/year to date	26,778	6,910
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	21,338	21,338

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	195
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and associates were on normal commercial terms.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.



### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	5,074
4.2 Development	-
4.3 Production	-
4.4 Administration	1,776
<b>Total</b>	<b>6,850</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,765	1,486
5.2 Deposits at call	17,573	25,292
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>21,338</b>	<b>26,778</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL77/1237	Wholly owned	100%	nil
	EL77/1245	Wholly owned	100%	nil
6.2 Interests in mining tenements acquired or increased	Nil			

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**


*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	581,936,904	581,936,904		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	625,000		\$0.1926	15/12/14
	625,000		\$0.2426	15/12/14
	625,000		\$0.2926	15/12/14
	625,000		\$0.3426	15/12/14
	500,000		\$0.9926	25/07/16
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	100,000		\$0.9926	24/08/16
	100,000		\$1.2426	24/08/16
	100,000		\$1.4926	24/08/16
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not\* (delete one) give a true and fair view of the matters disclosed.

Sign here:  Date: 31 July 2014  
~~Director~~/Company secretary

Print name: GRAHAM DOUGLAS ANDERSON

**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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.