



# ASX ANNOUNCEMENT

Iron Road Limited (Iron Road, ASX:IRD)

## CORPORATE UPDATE AND BOARD CHANGES

Iron Road Limited (Iron Road, ASX: IRD) is pleased to provide the following update to the market.

### Board Changes

The Iron Road Board is pleased to announce the appointment of Mr Glen Chipman as Non-Executive Director. This appointment coincides with the resignation of Mr Julian Gosse as a Non-Executive Director.

Mr Chipman is a private equity investment professional at Sentient Equity Partners and represents Iron Road's major shareholder, the Sentient Global Resources Funds. Prior to joining Sentient in 2012 he was a sell-side analyst with Bank of America Merrill Lynch and Citigroup. Mr Chipman has a chemical engineering background and over 15 years of combined industry, commodity and equity capital markets experience.

Since 2015, Mr Chipman has been seconded to Iron Road, principally engaged with commercial, business development, capital raising and finance planning activities relating to the Central Eyre Iron Project (CEIP). He is also a Director of Ferrous Resources Limited, a private Brazilian iron ore producer, majority owned by Icahn Enterprises L.P.

Mr Julian Gosse has stepped down as a Non-Executive Director of Iron Road. The Company thanks Mr Gosse for his significant contributions since 2009, including three years as Chairman of the Board.

In welcoming Mr Chipman to the Board, Chairman Dr Peter Cassidy said "Glen is a valuable contributor to the company and has a deep understanding of the bridge between key project elements and the financial levers available to generate a commercial outcome.

"I would also like to thank Julian for his service to Iron Road over the past nine years, providing guidance and support to the executive in taking an iron ore prospect to the country's preeminent magnetite and infrastructure development. We wish Julian all the best," Dr Cassidy said.

### Major Shareholder Support

Iron Road also welcomes Sentient's continued financial support. A further \$1 million in debt finance was recently received that attracts a zero rate of interest and does not bear any fees. Although progress in formalising strategic project partner equity investment has been slower than anticipated, Sentient remains encouraged by levels of engagement, further CEIP capital cost reduction opportunities and other critical project de-risking activities.

Initial equity commitments by China Railway Group Limited (CREC) have been delayed due to sustained Chinese government controls on outbound investment until all necessary regulatory processes have been completed. Formal guidance of additional financial support over the next 12 months has been provided by Sentient along with an extension of existing loan facilities to 31 March 2019.

With major studies and primary project approvals complete and secondary approvals submitted to the State Government for assessment, Iron Road is now able to reduce corporate and administrative overheads. Accordingly, implemented changes will significantly reduce annual spend.

### **Cape Hardy Deep Water Port in Spencer Gulf**

The Company was encouraged by the broad and open support for Iron Road's plans by the major political parties in the lead up to the 17 March 2018 South Australian general election.

On 12 March 2018 State Liberal Leader Steven Marshall, now Premier of South Australia, released a list of ten priority infrastructure projects. After the drafting of enabling legislation, expected to be enacted by September 2018, Infrastructure South Australia will assess, plan and coordinate major infrastructure projects in South Australia. Of the ten major projects identified is a grain/minerals port on Eyre Peninsula.

A 'Road, Rail and Port Plan' was announced by the former Premier Jay Weatherill during the Labor Party's election campaign, stating "A re-elected Labor Government will inject \$150 million of equity into a new South Australian Ports Authority to oversee the development of ports, including a new multi-user, deep water port in the Spencer Gulf... It will drive extra competition to benefit farmers and exporters, as well as connect many mining projects to the world, such as Iron Road's Central Iron Ore Project."

Liberal member for Flinders Peter Treloar said a port sited on lower Spencer Gulf would give a freight advantage over Whyalla. "Deep water ports at Cape Hardy and Port Spencer and a transshipping operation at Lucky Bay are or have been serious contenders. Cape Hardy, as an example, currently has approvals in place and environment studies completed – with 21 metres of water within a kilometre."

During the Eyre Peninsula Local Government Association (EPLGA) conference held in Port Lincoln early in March 2018, the 11 member councils passed a motion supporting Cape Hardy as the most suitable location for a new multi-commodity deep-sea port in the Spencer Gulf.

### **Grain First Strategy**

Since signing a Memorandum of Understanding with Eyre Peninsula Co-operative Bulk Handling (EPCBH), Iron Road has been working with the co-operative and others on a 'grain first' strategy for the proposed deep sea port at Cape Hardy. The strategy envisages the staged construction and commissioning of a globally competitive grain terminal and export facility at Cape Hardy, prior to iron concentrate export. Options are currently being assessed and costed with studies underway to develop a new grain distribution and supply chain network.

### **Federal Government Approval**

Ministerial approval has been received from 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* (EPBC). This is the final major approval required for the CEIP.

### **General**

The Company continues to seek out and engage with potential partners and investors with both direct and indirect interest in the Company and the CEIP.

Steel capacity cuts and the application of strict environmental standards in China along with increasing global steel demand support strong iron ore market fundamentals in the long term. Iron ore reference prices (for 62% fines) continue to trade close to Iron Road's long term forecast and importantly, the premium for high quality products such as Iron Road's CEIP concentrate (and the discounting for lower quality ores) continues. This situation is now generally regarded as a structural change to pricing dynamics.

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**About Iron Road Limited**

Iron Road Limited is the developer of the Central Eyre Iron Project (CEIP), located on the Eyre Peninsula in South Australia which is now at the final stage of planning and pre-construction activities, moving to a Final Investment Decision (FID).

The CEIP is a long life proposal, which will produce a high grade, low impurity iron concentrate for export to Asia for an initial mine life of over 25 years. 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.

Iron Road is building a consortium of aligned organisations with interests in iron concentrate offtake, mining and mineral processing, electricity supply, rail, port export logistics and related activities.

