



QUARTERLY ACTIVITIES REPORT

For the period ended 30 June 2024

JUNE QUARTER REVIEW

Cape Hardy Advanced Fuels project

Iron Road Ltd (ASX:IRD, Company or Iron Road) announced on *21 May 2024* that the Company and Amp Energy (Amp) executed a series of binding transaction documents to facilitate the development of the Cape Hardy Advanced Fuels project following a 12-month exclusivity period. More detail is included in the original announcement.

Briefly these agreements are-

- *Cape Hardy Port Precinct Option to Purchase* (and associated mortgage to secure the Company's performance of its obligations under the option).
- *Cape Hardy Infrastructure Agreement* (which is a framework or cooperation agreement that provides Amp with certain rights to develop and / or use broader common user infrastructure as required, subject to agreed development principles).
- *Royalty Deed* (which entitles the Company to certain contingent and deferred payments, summarised further below).
- *Strategic Framework Agreement – Deed of Extension, Termination and Release* (which extends the Strategic Framework Agreement for an interim period pending Amp's receipt of Foreign Investment Review Board approval and then provides for the termination of the earlier framework agreement).

Two conditions precedent (CPs) are required to be satisfied prior to the deal closing:

- Cancellation of existing and issue of new unvested Iron Road warrants to Macquarie, subject to Iron Road shareholder approval (see Corporate section), and
- Amp obtaining Foreign Investment Review Board approval for the Cape Hardy land purchase option.



Figure 1: Key plant building blocks, Cape Hardy 5GW Advanced Fuels project (courtesy of Amp Energy).

The key transaction terms are-

Cape Hardy Industrial Port Precinct – option for Amp to purchase land for \$15.5 million- Iron Road has agreed to grant Amp, subject to FIRB approval, the option to purchase a total area of Cape Hardy Industrial Port Precinct land approximating 630 hectares, either in one step or in three stages, for \$15.5 million (in total across the stages). On 16 July 2024 a Variation Deed was executed to account for a reduction in the total land package to approximately 604 hectares with the total land purchase price reducing by \$0.98 million, from \$15.5 million to \$14.52 million. This variation was mutually agreed to more easily facilitate the sub-division of one land parcel – 111.5ha for \$4.27 million (previously 137.2ha for \$5.25 million). An upfront land deposit of \$2.5 million is payable to Iron Road within five business days of satisfying the first CP. The land deposit fee is non-refundable, except in the event that the second CP is not satisfied. In the event Amp does not exercise all three options prior to expiry, Iron Road reserves a right of first refusal to buy back any Cape Hardy land parcels sold to Amp (for equivalent sale price terms) as a means of preserving a large and highly strategic, contiguous section of the Cape Hardy Industrial Port Precinct.

Advanced Fuels project – milestone payments totalling \$22.5 million- Amp has agreed to pay to the Company a total \$22.5 million of progressive project development payments upon reaching agreed milestones through to first production from Amp’s Cape Hardy Advanced Fuels project. Two separate project milestone payments of \$1.5 million and \$3.0 million are expected to be received during 2024, subject to Amp receiving FIRB approval for the land option.

Advanced Fuels project – aggregate royalty stream of up to \$426 million over life of operations- Amp and Iron Road have entered into a Royalty Deed under which Amp has agreed to pay a royalty to Iron Road on hydrogen generated by the Advanced Fuels project. The royalty rate is based on a baseline rate of \$2.775 million per GW per annum based on contracted electrolyser nameplate capacity (CENC), adjusted for anticipated load factor (with a lower anticipated load factor having the effect of increasing the per tonne royalty rate to normalise for variations in electrolyser performance). A 1% per annum escalation mechanism will apply to this rate from first commercial production and royalty payments to Iron Road will be capped at a maximum of \$2.775 million per GW of installed CENC per annum and \$426 million (nominal terms) overall.

Amp has advised Iron Road that Geotechnical Assessment Activities, comprising several bores and trenches, will be undertaken across the various land parcels under option, during August 2024.

Central Eyre Iron Project (CEIP)

During Q2 2024, the 62% Fe Fines benchmark price averaged US\$112/dmt, circa 10% lower quarter-on-quarter. Ongoing weakness in the Chinese property market remains the primary driver for easing seaborne iron ore prices. Latest monthly crude steel data indicates Chinese output is contracting 5% year-on-year despite a strong 16% lift in Chinese steel exports, implying that domestic steel demand remains soft. Notwithstanding, China’s demand for iron ore imports remains robust averaging nearly 110Mt per month during the quarter. This suggests that increasing domestic cost pressures for Chinese iron ore producers is curbing domestic iron ore output and providing a degree of cost support for seaborne prices.

Iron Road continues to advance discussions with potential CEIP strategic partners and provide parties relevant updates and address queries relating to the recent binding deals with Northern Water and Amp Energy. During late May 2024 senior management travelled to South-Asia to meet with proponents and Australian Government representatives in this regard.

The Company has registered and is participating in the South Australian Government’s Green Iron Opportunity – Expression of Interest process and attended the inaugural Green Iron EOI Industry Forum held during June 2024. The CEIP Ore Reserve provides optionality across both coarser-grind sinter feed and finer-grind direct-reduced iron (DRI) products that proponents are now increasingly focused on. The global iron ore mining and steelmaking industry expects that DRI products are likely to remain the most viable mid-term solution for progressively reducing Scope 3 industry emissions.

The Northern Water project is expected to provide a more cost-efficient logistics solution for Iron Road’s CEIP, in particular, for a finer-grind, DRI grade iron concentrate product. A slurry / process water pipeline engineering scope of works is being prepared to allow for a desktop scoping study to commence to better inform the Company on this option.

Northern Water (NW)

Northern Water is a significant South Australian Government initiative and an integral component of the *State Prosperity Project*, to realise strong economic benefits and positive environmental outcomes for the Eyre Peninsula, Upper Spencer Gulf and Far North of South Australia.

On **30 April 2024** Iron Road announced that the Company and Northern Water had executed Option Deeds and Leases relating to the purchase of land wholly owned by Iron Road within the 1,207ha Cape Hardy Industrial Port Precinct, including various easements and a construction laydown area. In summary, Iron Road will receive land acquisition payments of circa. \$3.33 million for the 89.55ha desalination plant site, 5ha pipeline easement and 9ha transmission line easement. The land sale and easements have been executed through Option Deeds, with monthly Option Fee instalments now being received, netted off against the land acquisition value at the exercising of the Option, expected during Q4 2024. An investigations licence of \$40,000 has been paid, with an Option for lease of a temporary 31ha construction laydown area and dwelling (circa. \$133,400 per annum) to be exercised from FID for a minimum three years.

An additional Development Approval Adjustment Fee of up to \$150,000 is payable, to contribute towards the works required by Iron Road to scope the redesign and reconfiguration of the iron concentrate dispatch, transport, receipt and stockpiling infrastructure between and at both the proposed mine at Warrambo and export port at Cape Hardy. The payment of this fee is conditional on Iron Road satisfying a number of conditions within six months of Northern Water exercising the purchase Option.

Importantly the land deal preserves Iron Road's control of the planned common user infrastructure footprint at the Cape Hardy Industrial Port Precinct including multi-commodity port infrastructure and facilities.

During May 2024 the Australian Government announced a \$65 million Commonwealth funding contribution to investigate and progress planning for Northern Water. The investment from the Australian Government is a partnership with both the South Australian Government and industry to jointly fund a \$230 million package of essential pre-construction activities, prior to making FID.

Northern Water works continue unabated at the Cape Hardy site to progress their various environmental and engineering studies and stakeholder engagement.

Corporate

At quarter end, the Company held cash reserves of \$0.24 million. Total cash outgoings for operating and investing activities during the quarter was a net \$109k, expended primarily to progress the Company's CEIP and Cape Hardy port and industrial precinct development. The low net figure is a consequence of receipt during the June quarter of >\$400k of Northern Water option fee instalments and the investigations licence fee.

On **17 June 2024** the Company advised that its long-term major shareholder, Sentient Executive GP IV, Limited (Sentient), had agreed to extend the maturity date of its interest free loan facility to Friday 30 August 2024 (previously 30 June 2024). The terms of the \$1 million financing facility made available to Iron Road were disclosed on **29 January 2024**. Sentient has to date advanced \$500k to the Company. Iron Road will not be drawing down any further loans under the facility.

On **1 July 2024** the Company advised it had entered into a Warrant Implementation Deed and associated Warrant Deed Poll with Macquarie Corporate Holdings Pty Limited (Macquarie). Subject to shareholder approval on 2 August 2024, the Company has agreed to cancel unvested Subscription Warrants previously issued to Macquarie in Q4 2020 and re-issue unvested Replacement Warrants. The original Subscription Warrants were granted in connection with arrangements under a Joint Development Agreement between Macquarie, Iron Road and Eyre Peninsula Co-Operative Bulk Handling dated 23 September 2020 and a Side Agreement, related to the Joint Development Agreement, between Macquarie and Iron Road on the same date.

The terms of the Replacement Warrants were provided in the Company's Notice of General Meeting lodged with the ASX on **1 July 2024**. A \$2.5 million Cape Hardy land deposit is payable to the Company as part of Iron Road's executed binding transaction documents with Amp. The pending land deposit payment by Amp is conditional on Iron Road shareholder approval for the issue of these unvested Replacement Warrants to Macquarie following cancellation of Macquarie's existing Subscription Warrants. The deposit is expected to be received by the Company during August 2024.

- ENDS -

Tenement Schedule – 30 June 2024

South Australia	Tenement Reference	Interest
Warrambo	ML6467	100%
Warrambo	EL5934	100%
Mulgathing	EL6012	100% interest in iron ore rights
	EL6173	
	EL6502	
	EL6532	
	EL6625	
Mulgathing	EL5998	90% interest in iron ore rights
	EL6569	

Authorised for release by the board of Iron Road Ltd

For further information, please contact:

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 Iron Road Ltd

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Iron Road Ltd

ABN

51 128 698 108

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(5)	(485)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(164)	(817)
	(e) administration and corporate costs	(174)	(892)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – option fees	416	416
1.9	Net cash from / (used in) operating activities	73	(1,777)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(182)	(552)
	(e) investments	-	-
	(f) other non-current assets	-	(3)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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	(182)	(555)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	924
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(7)	(38)
3.5	Proceeds from borrowings	-	500
3.6	Repayment of borrowings	-	(600)
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	(7)	786

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	351	1,781
4.2	Net cash from / (used in) operating activities (item 1.9 above)	73	(1,777)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(182)	(555)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	786

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	235	235

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	190	306
5.2	Call deposits	45	45
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)	235	351

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	41
6.2	Aggregate amount of payments to related parties and their associates included in item 2	41

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	500	500
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
On 29 January 2024, the Company advised that its long-term major shareholder, Sentient Executive GP IV, Limited had agreed to loan Iron Road up to \$1 million interest. On 17 June 2024, the Company advised the funding is repayable by 30 August 2024. The loan is unsecured.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	73
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(182)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(109)
8.4 Cash and cash equivalents at quarter end (item 4.6)	235
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	235
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.2
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 24 July 2024

Authorised by: the Board of the Company
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.