



QUARTERLY ACTIVITIES REPORT

For the period ended 31 March 2017



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

- **Formal Expression of Interest (EOI) letters received by three major banks indicating strong lending appetite for CEIP US\$3 billion debt financing.**
 - *Industrial and Commercial Bank of China Ltd and China Construction Bank are ranked No. 1 and No. 2 globally and the policy bank, China Development Bank is ranked No. 6.*
- **Mining and Development applications in respect of the proposed mine and associated infrastructure undergoing final assessment by the South Australian government.**
- **Iron Road and CREC Project Commercialisation Programme continued with a focus on consolidation and finalisation of the value engineering component and capital re-estimate.**
- **Regional Development Australia Whyalla and Eyre Peninsula (RDAWEP), on behalf of Iron Road, concluded a successful Registration of Preliminary Interest process in relation to the Cape Hardy port development.**



INDUSTRIAL AND COMMERCIAL BANK OF CHINA



China Construction Bank



CHINA DEVELOPMENT BANK

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.

A Strategic Cooperation Agreement signed in 2016 with a wholly owned subsidiary of China Railway Group Limited (CREC) includes a comprehensive Commercialisation Programme. The programme consists of 11 key elements, each a distinct cooperative activity between Iron Road and CREC in support of a Final Investment Decision (FID) and securing project finance.

Collaborative work between the joint development team has been maintained at Iron Road's Adelaide office with face-to-face information transfer also occurring with numerous large engineering and commercial teams based in China and Malaysia.

Debt financing talks stepped up after Chinese New Year, with meetings held in Beijing and Shanghai during February and March 2017. Attended jointly by Iron Road and CREC, detailed presentations were given to China Development Bank (CDB), Industrial and Commercial Bank of China Ltd (ICBC) and China Construction Bank (CCB).

ICBC and CCB are ranked No. 1 and No. 2 globally and the policy bank, CDB is ranked No. 6 (based on assets in US\$). CREC is an important strategic partner for major Chinese financial institutions given its status as one of China's largest State Owned Enterprises.

Formal Expression of Interest (EOI) letters were subsequently received by each of the three banks indicating strong lending appetite for the US\$3 billion debt financing along with the ability and willingness to provide senior debt with loan tenors of up to 15 years – subject to satisfactory due diligence, completion of formal financing documentation and credit committee approval.

Letters of credit, working capital facilities and interest rate and foreign currency swap details were also provided demonstrating sophisticated responses to Iron Road's enquiries. Each of the banks also clearly signalled that CREC's commitment for 10Mtpa of high quality iron concentrate offtake, proposed equity investment at both the IRD and CEIP levels, together with the provision of a Project Completion Guarantee was driving their strong support and appetite to lend.

All three institutions confirmed their desire and capacity to achieve Financial Close by December 2017 with bank due diligence processes now being prepared and site visits planned.

Equity finance interest is now also expected to gain momentum as a result of the strong debt financing feedback. Iron Road continues to focus on discussions with highly experienced local, potential project engineering and construction partners that see a clear strategic opportunity in positioning themselves to provide expert advice and work with CREC and IRD on CEIP construction activities. Advanced talks have also taken place with large global mining contractors that have identified and appreciated the scale of the CEIP to their forward order books and work in hand.

Project Approvals & Environmental

The Mining and Development applications in respect of the proposed mine and associated infrastructure are nearing final assessment by the South Australian government, with decisions expected during the second Quarter. A decision by the Federal Minister for the Environment and Energy in respect of the 'controlled action' component of the CEIP (being the potential impact to the Southern Right Whale in the Spencer Gulf) under the *Environment Protection and Biodiversity Conservation Act, 1999* is expected to follow.

Iron Road lodged a submission with the Department of State Development (DSD) on the review of the South Australian *Mining Act, 1971* (Mining Act) and *Mining Regulations, 2011*, making several recommendations in relation to the current regulatory regime. Of particular importance to the Company is improving efficiencies, having clear timeframes for the assessment of tenement applications, reducing fees and charges in line with other Australian jurisdictions and providing a mechanism for changes to mining operations to occur during the life of a mine.

Exploration Licence (EL) 4849 over Warramboe expired on 8 February 2017 after its maximum five year term. The EL was subjected to the standard Subsequent EL application process under the Mining Act and has been re-granted as EL5934 for the (standard) initial term of two years.

Community & Stakeholder Engagement

The CEIP Community Consultative Committee (CCC), formed by the Warramboe and Wudinna communities in 2013 to provide a key mechanism for community engagement relating to the CEIP, held its final meeting on 4 April 2017. Iron Road and local stakeholders will explore various options for the next phase of broad consultation which will include the proposed mine and long-term employee village in Wudinna.

Iron Road thanks the Independent Chair of the CCC, Helen Lamont, Secretary Tracey Van Loon and all members of the CCC for providing time, feedback and invaluable local knowledge to the Company on behalf of their respective communities over the past four years.

Corporate

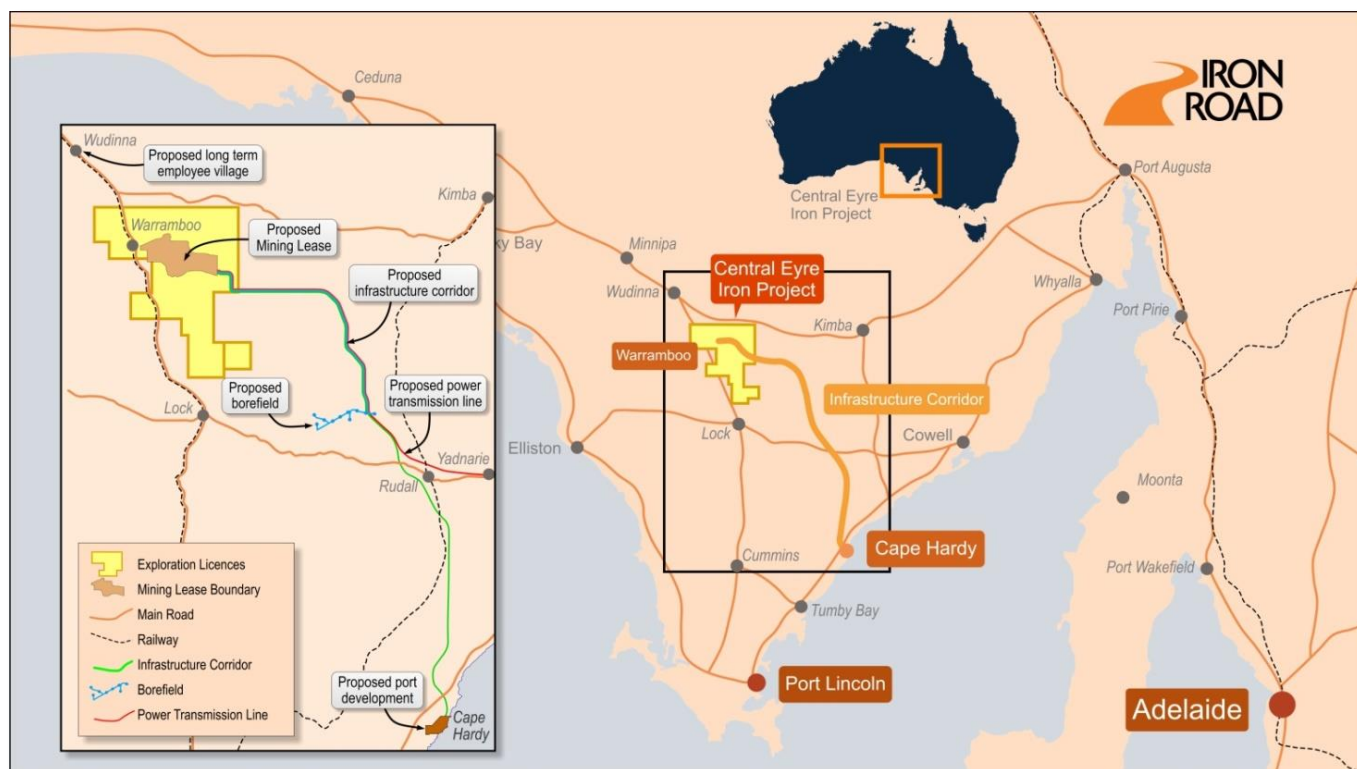
The Registration of Preliminary Interest process in relation to Iron Road's proposed Cape Hardy port facilities successfully concluded on 31 March 2017. The process was undertaken by Regional Development Australia Whyalla and Eyre Peninsula (RDAWEP) on behalf of Iron Road, with significant interest shown from local, national and international entities. The process comprised an open invitation to any third parties interested in utilising Cape Hardy for the import or export of commodities and goods, or service providers for general port operations, to submit a non-binding registration of interest.

Tenement Schedule

Following is the schedule of Iron Road Limited tenements as at 31 March 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-



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