



ASX ANNOUNCEMENT

Iron Road Limited (Iron Road, ASX:IRD)



CENTRAL EYRE IRON PROJECT CAPITAL COST ESTIMATE REDUCED BY US\$295 MILLION

Maximising Project NPV and IRR prior to Final Investment Decision

Highlights

- Iron Road's Central Eyre Iron Project (CEIP) partner, China Railway Group Limited (CREC), has delivered an estimated US\$295 million of capital savings as part of the Joint Project Commercialisation Programme;
- Total start-up CAPEX reduced to US\$3.7 billion (\$2017 real terms) compared with 2015 Optimisation Study* estimate of US\$4.0 billion based on equivalent currency terms (AUD = 0.76 USD);
- Thiess-RWE appointed to conduct a final, short (~2 months) mine plan and schedule review, expected to drive additional mine establishment efficiencies and further maximise project value;
- Minimum targeted Financial Close Project NPV₁₀ of US\$1.5 billion and IRR 16% based on long-term AUD iron ore price forecasts from independent industry consultants in-line with benchmark spot price and currencies as at 30 June 2017 – NPV₁₀ projected to exceed US\$3 billion post the CEIP construction period;
- Short term debt finance of \$1 million received from major shareholder to support working capital ahead of an anticipated corporate transaction with an additional project partner amenable to both Iron Road and CREC.

Iron Road Limited (Iron Road, ASX: IRD) is pleased to advise that the estimated capital cost of the Company's Central Eyre Iron Project (CEIP) in South Australia has been reduced by nearly US\$300 million to US\$3.7 billion. The new capital estimate in 2017 real terms has been a major outworking of CREC's 12 month project familiarisation and due diligence processes. Cost reductions were 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.

Thiess-RWE, a leading expert and contractor in continuous mining systems such as in-pit crushing and conveying, 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 respective due diligence processes.

Iron Road is also pleased to advise that its short term working capital requirements can be serviced following the receipt of \$1 million in debt finance from its long-standing and supportive 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. The short term facility comes ahead of an anticipated corporate transaction with an additional project partner amenable to both Iron Road and CREC.

- ENDS -

* *The Optimisation study referenced in this announcement released on 13 October 2015 as "Optimisation Studies Complete at CEIP" and updated on 20 April 2016 as "Continuing Cost Reductions at Central Eyre Iron Project".*

For further information, please contact:

Andrew Stocks, Managing Director
Iron Road Limited
Tel: +61 8 8214 4400
Email: admin@ironroadlimited.com.au

Shane Murphy
FTI Consulting
Tel: +61 8 9485 8888
Email: shane.murphy@fticonsulting.com

Or visit www.ironroadlimited.com.au

