



QUARTERLY ACTIVITIES REPORT

For the period ended 31 March 2019



Highlights

- Announced new CEIP mine plan¹ and revised development strategy² options, with much lower capital requirement and lower risk delivery model.

Key aspects of the new delivery model include:

- Annual iron concentrate production target reduced from 24Mtpa to 12Mtpa (dry) at a grade of 66.7% iron, over initial 22 year ore production mine life;
 - Total project capital requirements reduced to US\$1.74 billion (12Mtpa dry production target, including pre-strip), down from US\$4.00 billion (24Mtpa dry production target, including pre-strip);
 - Life of mine Free On Board (FOB) total operating costs of US\$44.50/wmt (ex-state royalty);
 - Major reduction in reliance on electricity with mean project power demand decreased to 212MW and energy consumption reduced by 66%;
 - Heavy haulage rail replaced by high capacity dual-powered road trains (DPRTs) operating on a private haul road;
 - Deep water port delivery model at Cape Hardy adapted to Build, Own, Operate (BOO) with take or pay provision that incorporates a commensurate rate of return including development risk;
 - Waste rock and tailings management methodology retained, maintaining no requirement for conventional tailings storage.
- Renewed engagement with potential project partners and investors to introduce the new delivery model.
 - \$240 million transmission line upgrade on the east coast of the Eyre Peninsula approved by the Australian Energy Regulator (AER), underpinning CEIP strategy to source an efficient grid based power solution.
 - Maturity of the \$5.4 million loan facility from Sentient Global Resources Fund IV, L.P. extended to 31 January 2020. The facility has also been expanded to \$6.5 million, securing Iron Road's cash requirements into early 2020. The loan bears a zero rate of interest and does not attract any fees.

¹ Investor Strategy Drives New Mine Plan, 29 January 2019

² Revised CEIP Development Strategy, 25 February 2019

Central Eyre Iron Project (CEIP)

Project Commercialisation

New Mine Plan and Delivery Model Option for CEIP

The new mine plan, driven by industry preference to maximise capital efficiency, resulted in major reductions to mine capital requirements and life of mine strip ratio. Following on from this work, a revised development strategy and new project delivery model was produced.

The comprehensive reassessment of the project resulted in significantly reduced capital costs, improved optionality and lowered the development risk profile. Refer to ASX announcement *Revised CEIP Development Strategy*, dated 25 February 2019, for more detail.

A snapshot summary table for the revised CEIP development strategy is given below.

Operating Parameters		Financial Metrics			
Concentrate production (dry)	12Mtpa	Capital Cost	US\$1.74 billion		
Concentrate grade	66.7% Fe	Capital intensity	US\$134/wmt		
Life of Mine	22 years	FOB operating cost	US\$44.50/wmt ¹		
Life of Mine concentrate (dry)	250Mt	Spot scenario, 60% project gearing			
Strip ratio	0.97:1	All-in operating margin	US\$35/dmt ²		
Mean power demand	212MW	IRR (post tax)	33.5%		
		NPV ₁₀ (post tax)	US\$1.68 billion		
IRR at Financial Close ³		High Grade 65% iron Index Price (US\$/dmt)			
		80	90	100	110
AUD/USD	0.650	21.0%	30.9%	39.1%	46.5%
	0.717	14.1%	25.0%	33.5%	40.8%
	0.750	10.3%	22.1%	30.8%	38.2%

¹ ex state royalty, ²inclusive of sustaining capex, state royalties, sea freight, adjustments for 8% moisture content and excludes debt servicing costs, ³geared, post-tax IRR at financial close, tax rate of 30%

Iron Road has renewed efforts to attract investors in the current strengthening iron ore market, both at the project and company level. The revised strategy and associated economic metrics, together with a buoyant iron ore market backdrop, is expected to drive wider investment interest and value recognition that better reflects an approved, well understood, coarse-grained magnetite development.

Eyre Peninsula Power Upgrade

The Australian Energy Regulator (AER) approved a \$240 million upgrade proposal by transmission specialist, ElectraNet, which includes replacing the existing single-circuit 132kV line constructed in 1967 with a new double-circuit 132kV transmission line on the east coast of the Peninsula. The design incorporates the ability to upgrade the Cultana to Yadnarie section to 275kV at a later date, through an upgrade of the Yadnarie West substation, to accommodate the electrical power supply needs of the CEIP.

Electrical power requirements for the CEIP coincide with the commencement of overburden mining operations, transitioning to grid power as site construction progresses. Significant electrical power demand largely follows the ore processing facility ramp-up, over a two year period, prior to ultimately reaching steady state demand of 212MW.

Community & Stakeholder Engagement

Several stakeholders were engaged including EPCBH, Regional Development Australia Whyalla and Eyre Peninsula, Wudinna District Council, District Council of Tumby Bay, local community groups as well as various Ministers, local members and Government agency representatives. The new CEIP delivery model has been discussed at various briefings, supplemented by interviews and local media.

Corporate

Maturity of the \$5.4 million loan facility from Sentient Global Resources Fund IV, L.P. extended to 31 January 2020. The facility has also been expanded to \$6.5 million, securing Iron Road's cash requirements into early 2020. The loan bears a zero rate of interest and does not attract any fees. Investors in the Sentient Global Resources Funds comprise a global spread of university endowment funds, foundations, sovereign wealth funds, corporate and public pension funds and family offices.

Tenement Schedule

Following is the schedule of Iron Road Limited tenements as at 31 March 2019.

South Australia	Tenement Reference	Interest
Warrambo	ML6467	100%
Warrambo	EL5934	100%
Lock	EL5496	100%
Mulgathing	EL6012	90% Iron Ore rights
	EL5298	90% Iron Ore rights
	EL5661	90% Iron Ore rights
	EL5720	90% Iron Ore rights
	EL5767	90% Iron Ore rights
	EL5998	81% Iron Ore rights
	EL5732	81% Iron Ore rights

Iron Road confirms that all material assumptions underpinning the production target and forecast financial information derived from the production target announced as "Revised CEIP Development strategy" on 25 February 2019 continue to apply and have not materially changed.

-Ends-

For further information, please contact:

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Iron Road Limited

ABN

51 128 698 108

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(169)	(1,053)
(b) development	-	-
(c) production	-	-
(d) staff costs	(225)	(713)
(e) administration and corporate costs	(146)	(513)
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 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(540)	(2,278)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	1,210
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(1)	(32)
3.5	Proceeds from borrowings	600	1,400
3.6	Repayment of borrowings	-	-
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	599	2,578

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	493	252
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(540)	(2,278)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	599	2,578
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	552	552

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	507	448
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)	552	493

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	93
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

N/A

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	5,400	5,400
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The loan facility in 8.1 is an unsecured loan from the Company's major shareholder, the Sentient Group. It attracts nil interest and matures on 30 June 2019.

Subsequent to the end of the quarter, this loan has been increased to \$A6,500,000 and maturity extended to 31 January 2020. All other material terms remain unchanged.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	180
9.2 Development	-
9.3 Production	-
9.4 Staff costs	190
9.5 Administration and corporate costs	80
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	450

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			

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.

Sign here:
Company Secretary

Date: 30 April 2019

Print name: Jaroslaw (Jarek) Kopias

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.