



Iron Road Limited

# Entitlement Offer

Iron Road Limited ACN 128 698 108

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Details of a 1 for 30 non-renounceable pro-rata entitlement offer of Iron Road Limited ordinary shares (**New Shares**) at an issue price of \$0.075 for each New Share

**Offer closes 5pm (AEST) on Tuesday, 9 October 2018**

This is an important document which is accompanied by a personalised Entitlement and Acceptance Form for you to subscribe for New Shares in Iron Road. Please read this document carefully and call your professional adviser if you have any queries.

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## Corporate directory

### Head Office

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Adelaide 5000  
South Australia

### Registered Office

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Adelaide 5000  
South Australia

### Postal Address

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Adelaide 5001  
South Australia

### Share Registry

Security Transfer Registrars Pty  
Limited  
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Applecross, WA 6153

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**ASX Listing Code**

IRD

# Important notices

## **Forward-looking statements**

*This booklet contains forward-looking statements, opinions and estimates including statements regarding the future development of Iron Road's projects, the outcome and use of proceeds of the Entitlement Offer and the future performance of Iron Road. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Iron Road, its directors and management, and which may cause actual results to differ materially from those expressed in the statements contained in this booklet and the attached materials. A number of risks and uncertainties could cause actual results or performance to differ materially from the forward-looking statements. Some of these risks and uncertainties are described in **section 4** of this booklet and you should consider the forward-looking statements contained in this booklet in light of those disclosures. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to Iron Road as of the date of this booklet. Except as required by law or regulation (including the ASX Listing Rules) Iron Road undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earning or financial position or performance are also forward-looking statements.*

## Enquiries

If you have any questions, please consult your stockbroker, accountant or other professional adviser.

# Board Letter

5 September 2018

Dear Shareholder

## Iron Road Limited capital raising – Entitlement Offer

On behalf of Iron Road Limited (Iron Road), I am pleased to invite you to participate in a 1 for 30 non-renounceable pro-rata entitlement offer of Iron Road shares (New Shares) at an issue price of 7.5 cents for each New Share (Entitlement Offer). The Entitlement Offer will not be underwritten.

Iron Road continues to advance the Central Eyre Iron Project (CEIP) with several enhancements made over the past twelve months, such as bringing forward iron concentrate production and reducing upfront capital, as well as continuing to progress through the government approvals processes. Primary project approvals are in place and secondary approval submissions were made to the Government of South Australia in late 2017.

Iron Road moved onto development of the delivery strategy and draft construction agreements with China Railway Group, however certain aspects have been drawn-out and progress in general has been slow. Iron Road therefore continues to seek out and engage with other potential partners and investors with an interest in the Company and the CEIP, alongside the development of a 'grain first' export strategy.

The iron ore market continues its evolution towards premium products, with higher and lower quality products continuing to diverge further from the 62% iron benchmark price. Despite the benchmark prices oscillating recently in the range US\$60-70/dmt, index prices for iron ore with 65% iron content have continued to trend higher.

Strong price premiums for high quality iron concentrates and pellet feed, such as CEIP concentrate, remains a positive market trend.

The Board has determined that an Entitlement Offer is the best mechanism to raise the capital needed by the Company to continue its work and further build upon the strong support from other key stakeholder groups for the CEIP.

The Company intends to apply the funds raised from the Offer as set out in section 1 of the Offer Booklet. The Entitlement Offer price of 7.5 cents per New Share allows existing shareholders to subscribe for New Shares at a discount of approximately 13.7% to the 30-day volume weighted average price of the Company's shares on the ASX for the period ending 4 September 2018, and a discount of 7.4% to the closing price of the Company's shares on 4 September 2018.

You will find enclosed the following important information:

- summary of important dates;
- key terms for the Offer;
- risk factors associated with the Offer;
- instructions on how to apply setting out how to accept all or part of your Entitlement under the Entitlement Offer; and
- a personalised Entitlement and Acceptance Form which details your entitlement, to be completed in accordance with the instructions provided.

The Entitlement Offer provides an avenue for all Shareholders to participate and minimise dilutionary impacts and is expected to raise at least \$1.1 million in gross proceeds (including costs).

A Director who is not a nominee of a Sentient Shareholder (being Andrew Stocks) has taken primary responsibility for the structure of the Entitlement Offer. The Independent Directors believe that the Entitlement Offer is in the best interests of Shareholders.

On behalf of the Board, I encourage you to consider this investment opportunity and thank you for your continued support as an Iron Road Shareholder.

Yours sincerely

**Peter Cassidy**  
**Chairman**

## Key offer dates

|  |                                     |
|--|-------------------------------------|
| Entitlement Offer announced  | Wednesday, 5 September 2018         |
| Ex-date  | Friday, 7 September 2018            |
| <b>Record Date (7pm AEST)</b>  | <b>Monday, 10 September 2018</b>    |
| Dispatch of Offer booklet and Entitlement and Acceptance Forms         | Wednesday, 12 September 2018        |
| <b>Entitlement Offer opens</b>   | <b>Wednesday, 12 September 2018</b> |
| <b>Entitlement Offer closes (5pm AEST)</b>                             | <b>Tuesday, 9 October 2018</b>      |
| Entitlement Offer New Shares commence deferred settlement trading      | Wednesday, 10 October 2018          |
| Iron Road notifies ASX of under subscriptions                          | Friday, 12 October 2018             |
| <b>Entitlement Offer New Shares issued</b>                             | <b>Monday, 15 October 2018</b>      |
| <b>Deferred settlement trading ends</b>                                | <b>Monday, 15 October 2018</b>      |
| Entitlement Offer New Shares commence normal settlement trading on ASX | Tuesday, 16 October 2018            |

Applicants are encouraged to submit their Entitlement and Acceptance Forms as soon as possible after the Entitlement Offer opens. The timetable above is indicative only and is subject to change. Iron Road reserves the right, subject to requirements of the Corporations Act, ASX Listing Rules and other applicable laws to vary the dates of the Entitlement Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases, without notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares. Cooling off rights do not apply to an investment in New Shares and you cannot, in most circumstances, withdraw your application once it has been accepted.

## Introduction to Offer details

This booklet relates to the Entitlement Offer and contains a number of important parts and documents, including:

- an ASX announcement regarding the Entitlement Offer, which was released to ASX on 5 September 2018;
- instructions on “How to Apply” setting out how to accept all or part of your Entitlement in the Entitlement Offer; and
- important legal information.

With this booklet you will also find your Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions provided on the form and the instructions on “How to Apply”.

The Entitlement Offer closes at 5pm (AEST) on the Closing Date. To participate, you need to ensure that your completed Entitlement and Acceptance Form is received by Iron Road before this time and date OR you have paid your Application Monies via BPAY pursuant to the instructions that are set out on the Entitlement and Acceptance Form. Please refer to the instructions on “How to Apply” that accompany this letter for further information.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable.

You should obtain any professional advice you require to evaluate whether to participate in the Entitlement Offer. For further information regarding the Entitlement Offer please visit our website at [www.ironroadlimited.com.au](http://www.ironroadlimited.com.au).

# 1 Iron Road's resources and use of proceeds

## 1.1 Proceeds of Entitlement Offer

The proceeds of the Entitlement Offer will be used to:

- (a) Maintain the mining lease in good standing for the Central Eyre Iron Project (**CEIP**); and
- (b) meet other working capital requirements of Iron Road.

The maximum possible gross proceeds of the Entitlement Offer is \$1.7 million, assuming that all Eligible Shareholders fully participate in the Entitlement Offer. However, as it is unlikely that all Eligible Shareholders will participate in the Entitlement Offer, the proceeds of the Entitlement Offer are expected to be less than \$1.7 million.

The Company's largest Shareholder, Sentient Fund IV, has undertaken to fully participate in the Entitlement Offer to an amount of \$1.1 million. Directors and Shareholders of the Company, Peter Cassidy, Ian Hume, Leigh Hall and Jerry Ellis, have also confirmed that they will participate in the Entitlement Offer.

Based on the confirmations and indications from the Shareholders noted above, the Entitlement Offer is expected to raise at least \$1.1 million in gross proceeds. The proceeds from the Entitlement Offer will be used as set out in the table below. For the purposes of the table below, the Company has assumed that a number of other Shareholders will also take up their entitlements under the Entitlement Offer such that the gross proceeds under the Entitlement Offer will be approximately \$1.1 million.

| Activity   | Amount         |
|--|----------------|
| Mining lease rental fees payable to the South Australian Government  | \$0.53m        |
| Corporate costs (including salaries, rent and outgoings, regulatory and listing fees and legal and tax services) | \$0.54m        |
| Entitlement Offer fees   | \$0.03m        |
| <b>TOTAL</b>   | <b>\$1.10m</b> |

The funds to be raised will enable the Company to maintain the CEIP mining lease, continue to engage with potential partners and investors with an interest in the CEIP along with the development of the 'grain first' export strategy.

If, as a result of greater participation in the Entitlement Offer by other Shareholders, the proceeds of the Entitlement Offer exceed \$1.1 million, the additional proceeds will be applied towards the uses set out above.

Following completion of the Entitlement Offer, Iron Road will continue to seek appropriate partnership and financing arrangements, so that alternate sources



of funds become available to meet its ongoing needs and the targeted CEIP development. In the event that the CEIP development proceeds slower than anticipated, the ongoing funding requirements will be relatively small given that project studies have largely been completed and primary government approvals received.

Shareholders should be aware that substantial further funding will be needed to develop and construct the CEIP and should refer to the risk factor in **section 4.1(d)** of this booklet for a further discussion of Iron Road's future capital requirements.

## **2 Details of the Entitlement Offer**

### **2.1 Overview of Entitlement Offer**

The Entitlement Offer is an offer to Eligible Shareholders of approximately 1 for 30 Shares at \$0.075 for each New Share which is expected to raise at least \$1.1 million (before costs).

### **2.2 Ranking of New Shares**

New Shares issued under the Entitlement Offer will rank equally with existing Shares.

### **2.3 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares under the Entitlement Offer. You cannot withdraw your Application or payment once it has been accepted.

### **2.4 No Entitlements trading**

Entitlements are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any value in respect of those Entitlements that they do not take up. Furthermore you cannot, in most circumstances, withdraw the Application once it has been accepted.

### **2.5 Quotation and trading**

Iron Road will apply to ASX for the official quotation of the New Shares in accordance with the ASX Listing Rules. Subject to approval being granted by ASX, it is expected that normal trading of New Shares issued under the Entitlement Offer will commence on Tuesday, 16 October 2018.

### **2.6 Potential effect on control and capital structure**

If all Eligible Shareholders take up their Entitlements, each Eligible Shareholder's percentage interest in the total issued share capital of Iron Road will remain unchanged.

To the extent that Eligible Shareholders do not take up their Entitlements, following the close of the Entitlement Offer, the percentage shareholding of those Eligible Shareholders will be diluted.

No Shareholder will increase their voting power in Iron Road from below 20% to above 20% as a result of the Entitlement Offer.

**(a) Potential effect on control**

There are three shareholders in Iron Road advised by Sentient Equity Partners, being Sentient Executive GP II, Limited, Sentient Executive GP III, Limited, and Sentient Executive GP IV, Limited (being the Sentient Shareholders). The Sentient Shareholders hold their Shares on behalf of the Sentient Global Resources Trust II, Sentient Fund II, Sentient Fund III, SGRF III Parallel I, L.P. and Sentient Global Resources Fund IV, L.P. respectively (being the Sentient Funds).

The Sentient Shareholders holds their Shares as a fiduciary of the relevant Sentient Fund.

At the date of this Entitlement Offer, the Sentient Shareholders hold 73.73% of the Shares. The Sentient Funds currently have the capacity to control the Company because collectively the Sentient Funds have sufficient voting power to pass resolutions to remove or appoint Directors and therefore have the capacity to determine the composition of the Board and to control the financial and operating policies of the Company.

Each of Sentient Global Resources Trust II, Sentient Fund II, Sentient Fund III and SGRF III Parallel I, L.P. has indicated to the Company that it presently does not intend to take up its Entitlement under the Entitlement Offer. However, each of the aforementioned funds reserves the right to change its intentions.

Sentient Fund IV has agreed to fully take up its Entitlement under the Entitlement Offer to the extent of approximately \$1.1 million.

Following the close of the Entitlement Offer, as a result of New Shares which will be issued to Sentient Fund IV, the voting power of the Sentient Funds in the Company may increase.

The table below illustrates the possible effects of the Entitlement Offer on the voting power of the Sentient Funds. The figures in the table have been calculated on the basis that: (a) neither Sentient Fund II nor Sentient Fund III take up their Entitlements; (b) Sentient Fund IV, will fully take its Entitlements to \$1.1 million.

Based on the assumptions set out above, the acquisition of New Shares under the Entitlement Offer by Sentient Fund IV will not cause the voting power of the Sentient Funds to be more than 3 percentage points higher than they were 6 months before such acquisition.

|  | Impact on the Sentient Funds' voting power |
|--|--|
| Shares held by Sentient Funds prior to Entitlement Offer   | 499,570,990                                |
| % voting power of Sentient Funds prior to Entitlement Offer  | 73.73%                                     |
| Maximum number of New Shares which may be issued under the Entitlement Offer   | Approximately 22.59 million                |
| % voting power of the Sentient Funds following the Entitlement Offer assuming no other funds are raised  | Approximately 74.26%                       |
| % voting power of the Sentient Funds following the Entitlement Offer assuming the maximum is raised by other holders (no other Sentient Funds participating) | Approximately 73.63%                       |

As set out in the table above, the maximum increase in the voting power of the Sentient Funds will occur where no Eligible Shareholders (other than Sentient Fund IV) take up their Entitlements. This would result in the aggregate voting power of the Sentient Funds increasing by an incremental 0.53% (i.e. from 73.73% to approximately 74.26%).

**(b) Capital structure**

The capital structure of Iron Road following the issue of New Shares, assuming (unless otherwise specified) that the maximum number of New Shares are issued under the Entitlement Offer, will be as follows:

| Capital structure   | Number      |
|---|-------------|
| Shares on issue as at date of this offer booklet  | 677,554,286 |
| Maximum number of New Shares to be issued under the Entitlement Offer (if fully subscribed)       | 22,585,142  |
| Maximum number of Shares on issue after completion of the Entitlement Offer (if fully subscribed) | 700,139,428 |

## 3 How to apply

### 3.1 Please read this offer booklet carefully

The Entitlement Offer is being made in line with the Corporations Act which allows rights issues to be offered by providing certain confirmations to the market without the need for a prospectus. Consequently, before accepting your Entitlement of New Shares, you should carefully read and understand the publicly available information on Iron Road and the Entitlement Offer, including the materials in this booklet, Iron Road's interim and annual reports and other announcements that have been made available at <http://www.asx.com.au>.

### 3.2 Consider the Entitlement Offer in light of your particular investment objectives and circumstances

If you have any queries or are uncertain about any aspects of the Entitlement Offer, consult with your stockbroker, accountant or other professional adviser. Please ensure that you review carefully the risk factors in **section 4** of this booklet which describe some of the key risks in relation to an investment in Iron Road.

### 3.3 Complete and return the accompanying Entitlement and Acceptance Form

If you decide to take up all or part of your Entitlement, complete and return the Entitlement and Acceptance Form with your payment or pay your Application Monies via BPAY pursuant to the instructions that are set out on the Entitlement and Acceptance Form.

Entitlements are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of those Entitlements they do not take up and their percentage shareholding in Iron Road will be reduced following the issue of all New Shares under the Entitlement Offer.

Your Entitlement is set out on the accompanying Iron Road Entitlement and Acceptance Form and has been calculated based on the number of Shares you held as at the Record Date. If you have more than one holding of Shares you will receive more than one Entitlement and Acceptance Form and you will have separate Entitlements for each holding.

Iron Road will treat you as applying for as many New Shares as your payment will pay for in full (see **section 3.4**). If you are paying by BPAY, please make sure to use the specific Biller Code and unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the CRN specific to the Entitlement on that Form.

If you accept and pay for all or part of your Entitlement before the close of the Entitlement Offer at 5pm (AEST) on the Closing Date, you will be allotted your New Shares on Monday, 15 October 2018 based on the current timetable.

If you take no action you will not be allocated any New Shares and your Entitlement will lapse.

### **3.4 Acceptance of the Entitlement Offer**

By completing, and Iron Road receiving, your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you:

- (a) agree to be bound by the terms of this booklet and the provisions of Iron Road's constitution;
- (b) authorise Iron Road to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (e) acknowledge that once Iron Road receives the Entitlement and Acceptance Form or your payment by BPAY, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares that you apply for at the Issue Price for each New Share;
- (g) authorise Iron Road and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of Iron Road's Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (h) declare that you were the registered holder(s) at 7pm (AEST) on the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (i) acknowledge that the information contained in this booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (j) represent and warrant that the law of any place does not prohibit you from being given this booklet or making an application for New Shares;  
and
- (k) represent and warrant that you are an Eligible Shareholder and have read and understood this booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this booklet and the Entitlement and Acceptance Form.

#### **Payment by cheque, bank draft or money order**

Should you wish to pay by cheque, bank draft or money order, then this should accompany your completed Entitlement and Acceptance Form.

Your cheque, bank draft or money order must be:

- in Australian currency, made payable to “Iron Road Limited” and crossed “Not Negotiable”;
- in respect of the full Application Monies (being the Issue Price multiplied by the number of New Shares applied for); and
- drawn on an Australian branch of a financial institution.

Iron Road will treat you as applying for as many New Shares as your cheque, bank draft or money order will pay for. Any amount received by Iron Road in excess of your final allocation of New Shares will be refunded and no interest will be paid on any Application Monies received or refunded.

### **Payment by BPAY**

Should you wish to pay by BPAY:

- please follow the instructions on the Entitlement and Acceptance Form. Your BPAY payment must be received by no later than 5pm (AEST) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY are received by this time;
- for payment by BPAY, you do not need to lodge your Entitlement and Acceptance Form, however, by making a payment through BPAY, you will be deemed to have made the declarations set out in this booklet and in the Entitlement and Acceptance Form; and
- Iron Road will treat you as applying for as many New Shares as your BPAY payment will pay for. Any amount received by Iron Road in excess of your final allocation of New Shares will be refunded and no interest will be paid on any Application Monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

### **3.5 Mail or delivery**

To participate in the Entitlement Offer, your payment must be received no later than 5pm (AEST) on the Closing Date. If not paying by BPAY, your completed Entitlement and Acceptance Form, together with Application Monies, should be mailed or hand delivered to the address shown on your Entitlement and Acceptance Form.

### **3.6 Allotment of New Shares**

It is expected that allotment of your New Shares will take place as soon as practicable after the Closing Date. It is expected that the New Shares will be allotted and that transaction confirmation statements will be dispatched, on or before Monday, 15 October 2018. However, if the Closing Date is extended, the date for allotment and dispatch may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX. If quotation for the New Shares is not granted, Iron Road will

not allot any New Shares and will refund all Application Monies without interest.

It is your responsibility to confirm your holding before trading in those New Shares. If you sell your New Shares before receiving confirmation of your holding in the form of the transaction confirmation statement, you will do so at your own risk. Iron Road and the Share Registry disclaim all liability, whether in negligence or otherwise, if you trade in New Shares before receiving your transaction confirmation statement.

### **3.7 Withdrawal of Entitlement Offer**

The Directors may at any time prior to allotment of New Shares decide to withdraw this booklet and the offers made under the Entitlement Offer, in which case Iron Road will return all Application Monies (without interest) to you as soon as practicable.

## 4 Risk factors

Prior to deciding whether to apply for New Shares under the Entitlement Offer, you should read this Entitlement Offer booklet in its entirety and review all announcements made to the ASX in order to gain an understanding of Iron Road, its activities, operations, financial position and prospects.

You should be aware that there are risks associated with an investment in Iron Road. These can be categorised as specific risks (that is, matters that relate directly to Iron Road's business) and general risks (those that relate to the business in general). Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many are outside the control of Iron Road and cannot be mitigated.

The New Shares carry no guarantee in respect of profitability, return of capital or the price at which they will trade on ASX. An investment in Iron Road is speculative.

The following is not an exhaustive summary but identifies the areas the Board regards as the major risks specific to an investment in Iron Road.

### 4.1 Specific risk factors

#### (a) Exploration, development, mining and processing risks

Mineral exploration, project development and mining by their nature contain elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable ore resources;
- (ii) successful conclusions to feasibility studies;
- (iii) access to adequate capital for project development;
- (iv) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (v) securing and maintaining title to tenements;
- (vi) obtaining consents and approvals necessary for the conduct of exploration and mining;
- (vii) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants; and
- (viii) adverse weather conditions over a prolonged period, which can adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from development of tenements depends on the successful establishment of mining operations. Factors including costs,



actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

**(b) Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through testwork to produce a saleable product;
- (ii) developing an economic process route to produce a saleable product; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent ore grades and recovery rates, affecting the economic viability of the project.

**(c) Operational and technical risks**

The current and future operations of Iron Road, including exploration, appraisal and production activities may be affected by a range of factors, including:

- (i) geological, geotechnical and hydrogeological conditions;
- (ii) limitations on activities due to seasonal weather patterns;
- (iii) alterations to joint venture programs and budgets;
- (iv) unanticipated operational and technical difficulties encountered in survey, drilling and production activities;
- (v) electrical and mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes and other force majeure events;
- (vi) unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;
- (vii) the supply and cost of skilled labour;
- (viii) unexpected shortages or increases in the costs of power, water, consumables, diesel fuel, tyres, spare parts and plant and equipment; and
- (ix) prevention or restriction of access by reason of inability to obtain consents or approvals.

**(d) Future funding requirements**

The funds raised from the Entitlement Offer will be deployed to, among other things:

- (i) Maintain the CEIP mining lease;
- (ii) continue to engage with potential partners and investors with an interest in the CEIP;
- (iii) development the 'grain first' export strategy; and
- (iv) meet other working capital requirements of Iron Road.

Based on the expected gross proceeds of the Entitlement Offer of at least \$1.1 million, the funds to be raised are expected to meet Iron Road's working capital requirements through to June 2019. If, as a result of greater participation in the Entitlement Offer, the proceeds of the Entitlement Offer exceed \$1.1 million, the additional proceeds will be applied towards the uses set out above and the funds will enable the Company to meet its working capital requirements beyond June 2019.

Following completion of the Entitlement Offer, Iron Road will be continuing to seek appropriate partnership and financing arrangements, so that alternate sources of funds become available to meet its ongoing needs, including to repay the Short Term Debt Facility, and the targeted CEIP development trajectory.

In the event that the CEIP development proceeds slower than anticipated, the ongoing funding requirements will be relatively small given that both the feasibility and optimisation studies have been completed and primary project approvals have been granted by the Federal and South Australian Governments.

If Iron Road is successful in raising sufficient capital and progressing negotiations with potential investors and CEIP development partners, it will still be required to raise significant amounts of additional capital or seek further development partners to repay the Short Term Debt Facility and to help fund the development of the CEIP.

Any failure by Iron Road to raise capital if and when needed could delay or suspend Iron Road's work programs and could have a material adverse effect on Iron Road's projects and business operations.

If Iron Road is unable to use debt or equity to fund its work program after the substantial exhaustion of the net proceeds of the Entitlement Offer and existing working capital, there can be no assurance that Iron Road will have sufficient capital resources to achieve its business strategy with respect to the CEIP, or for any other purposes, or that it will be able to obtain additional funding on terms acceptable to Iron Road or otherwise.

Any additional equity financing may be dilutive to Iron Road's existing Shareholders and any debt financing (if available) may involve restrictive covenants, which limit Iron Road's operations and business strategy.

**(e) Title, tenure and access**

Generally, mining tenements which Iron Road (or any of its Related Bodies Corporate) holds or may acquire either by application, sale and purchase or farm-in are regulated by the applicable mining legislation. There is no guarantee that any secondary applications for the proposed CEIP mining and associated operations will be granted as applied. Various conditions may also be imposed as a condition of grant.

Additionally, there is no guarantee that Iron Road (or its relevant Related Body Corporate) will be able to secure access rights to any "exempt land" (as defined by the *Mining Act 1971 (SA)*) within the boundary of any proposed mining lease area. Access to such land may be obtained by agreement with

the relevant land owner or the determination of the appropriate court. Such access will be necessary to conduct any proposed mining operations.

Renewal of mining tenements titles or licences is made by way of application to the relevant minister. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable mining legislation.

In addition, the relevant minister may impose conditions on any renewal, including relinquishment of ground.

**(f) Global credit and investment markets**

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of Iron Road and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which Iron Road's securities trade regardless of operating performance and affect Iron Road's ability to raise additional equity and/or debt to achieve its objectives.

**(g) Commodity price risk**

Commodity prices fluctuate and are affected by numerous factors beyond the control of Iron Road. These factors include world demand for iron ore (particularly from China), forward selling by producers, speculative positioning in maturing derivatives markets and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates, currencies and global and regional demand for, and supply of, the commodity as well as general global economic conditions.

There has been a sharp decline in iron ore prices in recent years due to global economic factors, weakening steel demand and resultant over supply of steelmaking raw materials. Benchmark iron ore prices (62% Fe Fines CFR China) have fallen from an average of greater than US\$130 per dry metric tonne in July-December 2013 to US\$60-70 per dry metric tonne during 2018.

The iron ore market appears to now be moving in favour of premium products, with higher and lower quality products continuing to diverge further from the 62% iron benchmark price. Despite the benchmark prices oscillating recently in the range US\$60-70/dmt, index prices for iron ore with 65% iron content have continued to trend higher.

Strong price premiums for high quality iron concentrates and pellet feed, such as CEIP concentrate, remains a positive market trend. However, the current iron ore price and possible future price declines of iron ore could cause Iron Road's projects to become uneconomic prior to or during production. There is a risk that a decreasing iron ore price may result in a depreciation or write down of Iron Road's assets in the future. Prior to production, a decline in iron ore prices may result in Iron Road's projects being suspended or not being able to be completed, including because obtaining further project development

funding or securing development partners for Iron Road's projects may be restricted.

In the event that Iron Road successfully begins iron ore production, the revenue it will derive through the sale of commodities exposes the potential income of Iron Road to commodity price risks.

These factors may have an adverse effect on Iron Road's exploration, development and production activities, as well as on its ability to fund those activities.

#### **(h) General environmental risks**

Mining is an industry which has become subject to increasing environmental responsibility and liability and the potential for liability is an ever present risk. International scrutiny, particularly in relation to the construction and use of tailings dams has increased. Iron Road's CEIP however, will be designed in a way that eliminates the requirement for a tailings dam thereby greatly reducing future environmental risk. Instead of a conventional tailings dam, the dewatering of process plant coarse and fine tailings will be co-located with waste rock from the mine to form an integrated waste landform. The design of the integrated waste landform has received a South Australian State Government award for environmental excellence.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing mining operations to cease or be curtailed, and may require Iron Road to implement corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Iron Road is in the process of obtaining necessary secondary approvals prior to any undertaking to construct and operate the CEIP. The South Australian State Government has conducted a public consultation process which provided stakeholders with an opportunity to raise issues that should be considered as part of the broader assessment of the mining lease proposal. The public consultation received 105 submissions with over half the submissions, including key local councils, supporting the development. Approximately half of those submissions were supporting the CEIP, however the Company considers that the objections to the development are usual for a project of the size and nature of the CEIP and that none of the objections stood out as raising significant concerns for the development.

#### **(i) Resource and reserve estimates**

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and similar examinations.

In addition, resource and reserve estimates are necessarily imprecise and depend to some extent on geological interpretations, as well as various economic, commercial, technical, environmental and legal assumptions which may prove to be inaccurate.

Should Iron Road encounter mineralisation or formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect Iron Road's operations.

**(j) Taxation and government regulations**

Changes in taxation and government legislation in a range of areas (for example, the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 (including the Foreign Investment Policy), accounting standards, and taxation law) can have a significant influence on the outlook for companies and the returns to investors.

The recoupment of taxation losses accrued by Iron Road from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in the jurisdictions in which Iron Road operates. There is no guarantee that Iron Road will satisfy all of these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cash flows of Iron Road.

**(k) Reliance on key personnel**

Iron Road is reliant on its management. The loss of one or more of these individuals could adversely affect Iron Road. In addition, Iron Road's ability to manage growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees and consultants. Although Iron Road expects to be able to do so in the future, there can be no assurance that Iron Road will be able to attract and retain skilled and experienced personnel and consultants.

**(l) Joint venture parties, contractors and agents**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which Iron Road is, or may become a party; or insolvency or other managerial failure by any of the contractors used by Iron Road in any of its activities; or insolvency or other managerial failure by any of the other service providers used by Iron Road for any activity.

**(m) Insurance**

Iron Road will evaluate obtaining insurance cover for operational and other risks where appropriate, taking into consideration the availability of cover and premium costs and where required under its contractual commitments. There can be no assurance, however, that Iron Road will be able to obtain or maintain such insurance coverage at reasonable rates (or at all), or that any coverage it has or obtains will be adequate and available to cover any such claims.

**(n) Share liquidity and ASX listing**

Due to the size and nature of Iron Road, the liquidity of its Shares traded on the ASX can be low. This could impact your ability to sell the Shares that you acquire or the prices at which you can sell your Shares.

Under the ASX Listing Rules a listed company must maintain a spread of holdings which, in ASX's opinion, is sufficient to ensure that there is an orderly and liquid market in its securities. If a company is unable to maintain the required level of spread, ASX may suspend and eventually delist that company, which would materially adversely affect the ability of Shareholders to buy and sell shares.

## **4.2 General risk factors**

### **(a) Economic conditions**

The performance of Iron Road may be significantly affected by changes in both domestic and world economic conditions. Relevant factors include interest, inflation and exchange rates, changes in fiscal, monetary and regulatory policies and sovereign or political risk in each of the regions in which Iron Road operates.

### **(b) Share market conditions**

As Iron Road is a listed company, the price at which its securities trade will be subject to the numerous influences that may affect both the broad trend in the share market and the share prices of individual companies and sectors. Investors should recognise that the price of New Shares may fall as well as rise.

### **(c) Capital availability**

Current economic conditions can impact on the availability of debt and equity funding that may be required to support the cash flow of a business. Iron Road's development may be affected by availability of funding which would impact on its ability to establish business operations in the expected time frame and/or at its current levels.

## 5 Important information

This booklet has been prepared by Iron Road. You should read it carefully and in its entirety before deciding whether to invest in New Shares. In particular, you should consider the risk factors outlined in **section 4** of this booklet.

### 5.1 Eligible Shareholders

This booklet contains an offer of New Shares to Eligible Shareholders.

Eligible Shareholders are those holders of Shares who:

- are registered as a holder of Shares as at 7pm (AEST) on the Record Date; and
- have a registered address in Australia or New Zealand or in any other jurisdiction that Iron Road has determined (in its absolute discretion) is eligible to participate in the Entitlement Offer.

Based on Iron Road's understanding of the locations of its Shareholders as at the date before the date of announcement of the Entitlement Offer, Iron Road expects that all Shareholders will be eligible to participate.

### 5.2 Not investment advice

The Entitlement Offer to which this booklet relates complies with the requirements of section 708AA of the Corporations Act as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

This booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Iron Road is not licensed to provide financial product advice in respect of the New Shares.

The information in this booklet is not investment or financial product advice. This booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares and does not take into account the investment objectives, financial situation or needs of you or any particular investor. You should conduct your own independent review, investigation and analysis of Shares which are the subject of the Entitlement Offer. You should obtain any professional advice you require to evaluate the merits and risks of an investment in Iron Road before making any investment decision based on your investment objectives.

### 5.3 Information about Iron Road

The information included in this booklet provides information about Iron Road's activities current as at 4 September 2018. It is information in a summary form and does not purport to be complete. It should be read in conjunction with Iron Road's other periodic and continuous disclosure announcements including Iron Road's announcement to the ASX on Wednesday 5 September 2018 regarding

the Entitlement Offer and Iron Road's other announcements to the ASX available at [www.asx.com.au](http://www.asx.com.au).

#### **5.4 Future performance**

The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

An investment in Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Iron Road. Iron Road does not guarantee any particular rate of return or the performance of Iron Road nor does it guarantee the repayment of capital from Iron Road or any particular tax treatment.

#### **5.5 Past performance**

Past performance information given in this booklet is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

#### **5.6 Taxation**

Taxation implications will vary depending upon the individual circumstances of individual Eligible Shareholders. Eligible Shareholders should obtain their own professional advice before deciding whether to invest.

#### **5.7 Governing law**

This booklet, the Entitlement Offer and the contracts formed on acceptance of an application for New Shares are governed by the laws applicable in South Australia. Each Shareholder who applies for New Shares submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in South Australia.

#### **5.8 Financial data**

All dollar values in this booklet are in Australian dollars (A\$).

#### **5.9 Disclaimer of representations**

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this booklet.

Any information or representation that is not in this booklet may not be taken as having been authorised by Iron Road, or its Related Bodies Corporate in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of Iron Road, or any other person, warrants or guarantees the future performance of Iron Road or any return on any investment made pursuant to this booklet.



## **5.10 Privacy**

Any personal information included on an Entitlement and Acceptance Form is used for the purposes of processing the Entitlement and Acceptance Form and to administer your holding of New Shares. By submitting an Entitlement and Acceptance Form, you agree that Iron Road may use the information provided on the form for the purposes set out in this privacy statement and may disclose it for those purposes to the Share Registry and Iron Road's Related Bodies Corporate, agents and contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

The Corporations Act requires Iron Road to include information about each Shareholder (including name, address and details of the Shares held) on the Register. The information contained on the Register must remain there even if you cease to be a Shareholder. Information contained on the Register is also used to facilitate payments and corporate communications (including Iron Road's financial results, annual reports and other information that Iron Road wishes to communicate to its security holders) and compliance by Iron Road with legal and regulatory requirements.

## **5.11 Defined terms**

Some capitalised words and expressions used in this booklet are defined in the glossary in **section 7**.

## 6 Foreign jurisdictions

The distribution of this booklet in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of this document outside Australia and New Zealand should seek advice on and observe any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

It is the responsibility of any Applicant to ensure their compliance with any laws of the country relevant to their Application. Return of a duly completed Entitlement and Acceptance Form and/or BPAY payment of Application Money will be taken by Iron Road to constitute a representation that there has been no breach by such Applicants of such laws. Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

This document does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### **Canada (British Columbia, Ontario and Quebec provinces)**

This document constitutes an offering of the New Shares only in the Province of British Columbia (the "Province") and only to existing shareholders of the Company in a rights issue. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

### **Statutory rights of action for damages and rescission**

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

#### **Cayman Islands**

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands.

#### **European Economic Area - Belgium, Germany and Liechtenstein**

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID");

- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

### **Hong Kong**

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### **New Zealand**

The New Shares are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### **United Kingdom**

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### **United States**

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

## 7 Glossary

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| <b>AEST</b>                            | Australian Eastern Standard Time   |
| <b>Applicant</b>                       | An Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form   |
| <b>Application</b>                     | An application to subscribe by submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form |
| <b>Application Monies</b>              | Monies payable by Applicants in respect of Applications  |
| <b>ASIC</b>                            | The Australian Securities and Investments Commission   |
| <b>ASX</b>                             | ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as applicable   |
| <b>ASX Listing Rules</b>               | The official listing rules of ASX, as amended or waived by ASX from time to time   |
| <b>Board</b>                           | The board of Directors of Iron Road  |
| <b>CEIP</b>                            | The Central Eyre Iron Ore Project, Iron Road's principal iron ore mining project located on the Eyre Peninsula in South Australia  |
| <b>Closing Date</b>                    | 5pm (AEST) on Tuesday, 9 October 2018, the date the Entitlement Offer closes (unless extended)   |
| <b>Company</b>                         | Iron Road  |
| <b>Corporations Act</b>                | <i>Corporations Act 2001</i> (Cth)   |
| <b>Director</b>                        | A director of Iron Road  |
| <b>Eligible Shareholder</b>            | A Shareholder who falls within the description set out in <b>section 5.1</b>   |
| <b>Entitlement</b>                     | The entitlement to 1 New Share for every 30 Shares held at 7pm (AEST) on the Record Date. The Entitlement of each Eligible Shareholder is shown on the Entitlement and Acceptance Form   |
| <b>Entitlement and Acceptance Form</b> | The Entitlement and Acceptance Form accompanying this booklet  |

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|---------------------------------|--|
| <b>Entitlement Offer</b>        | The pro rata non-renounceable offer of 1 New Share for every 30 Shares held by an Eligible Shareholder at 7pm (AEST) on the Record Date at the Issue Price       |
| <b>Independent Directors</b>    | Andrew Stocks and Leigh Hall   |
| <b>Ineligible Shareholder</b>   | A Shareholder which is not an Eligible Shareholder   |
| <b>Iron Road</b>                | Iron Road Limited ACN 128 698 108  |
| <b>Issue Price</b>              | \$0.075 for each New Share   |
| <b>New Shares</b>               | All shares to be allotted and issued under the Entitlement Offer   |
| <b>Record Date</b>              | 7pm (AEST) on Monday, 10 September 2018  |
| <b>Register</b>                 | The register of Shareholders required to be kept under the Corporations Act  |
| <b>Related Body Corporate</b>   | A 'related body corporate' as defined in the Corporations Act  |
| <b>Related Party</b>            | A 'related party' as defined in the ASX Listing Rules  |
| <b>Sentient Fund IV</b>         | Sentient Executive GP IV, Limited as general partner of Sentient GP IV, L.P., which in turn acts as general partner of Sentient Global Resources Fund IV, L.P.   |
| <b>Sentient Funds</b>           | Sentient Global Resources Trust II, Sentient Fund II, Sentient Fund III, SGRF III Parallel I, L.P. and Sentient Global Resources Fund IV, L.P.                   |
| <b>Sentient Shareholders</b>    | Sentient Executive GP II, Limited, Sentient Executive GP III, Limited, and Sentient Executive GP IV, Limited being the registered holders of Shares in Iron Road |
| <b>Share</b>                    | A fully paid ordinary share in Iron Road   |
| <b>Share Registry</b>           | Security Transfer Registrars Pty Ltd ACN 008 894 488   |
| <b>Shareholder</b>              | A holder of Shares in Iron Road  |
| <b>Short Term Debt Facility</b> | The Promissory Note for AU\$4,800,000 entered into between the Company and Sentient Global Resources Fund IV, L.P.   |