



# QUARTERLY ACTIVITIES REPORT

For the period ended 30 June 2020



## Cape Hardy Stage I Port Development

### Project Commercialisation

Iron Road Ltd (ASX:IRD, Company) continues to work with several parties on project structure proposals, delivery models and associated financing plans to progress the Cape Hardy Stage I port development. Except for delays to in-person interstate meetings with prospective investors, COVID-19 challenges are largely being overcome as the Company remains engaged with tier 1 strategic investors capable of providing both the construction equity and senior debt finance required. In addition to the Stage I investment opportunity, interested investors are attracted by further growth prospects offered by future Stage II and Stage III port expansions. These primarily relate to the export and/or import of bulk minerals and liquids, general cargo, high value goods and longer-term exposure to regionally advantaged renewable energy opportunities, including green ammonia/hydrogen.

Numerous vendors and service providers continue to approach the Company with an interest in import and export opportunities, some with the aspiration to establish complementary landside infrastructure within the 1100 hectare proposed precinct.

As a foundation Cape Hardy Stage I project partner, Eyre Peninsula Co-operative Bulk Handling (EPCBH) is similarly engaged with potential investors as well as other strategic parties providing critical grower perspective of agribusiness trends on the Eyre Peninsula. EPCBH continued informal engagement with farmers across the Eyre Peninsula, growing and consolidating its membership base in support of the Cape Hardy Stage I port.

### Approvals

The Development Application variation process with the South Australian State government progressed, which will ultimately allow for construction of a port at Cape Hardy to be staged. Stage I envisages a Panamax capable port handling both grain and general goods (incl. some minerals) with Stage II being an expansion to a Cape-class port for the export of iron concentrate and other bulk mineral commodities.

A meeting with the Hon. Stephan Knoll, Minister Transport, Infrastructure and Local Government, Minister for Planning to discuss infrastructure on the Eyre Peninsula was facilitated by the Association of Mining and Exploration Companies (AMEC). AMEC is an industry association representing over 275 member companies from around Australia and recognises the Central Eyre Iron Project (CEIP) as Australia's most advanced magnetite development after FMG's Iron Bridge, which is currently under construction. The discussion, in response to AMEC's South Australian Advisory Council priorities, specifically covered road upgrades and the potential for new port infrastructure on the Eyre Peninsula that will assist in accelerating resource development opportunities in the region, currently inhibited by a lack of accessible and fit for purpose export infrastructure. The forum provided the opportunity to update the Minister on plans for the Stage I Cape Hardy port development with the meeting attended by Iron Road, EPCBH, AMEC and a potential strategic investor.

## Corporate

Iron Road's Appendix 5B includes amounts in item 6.1 representing the payment of non-executive director fees. The Company's quarterly cashflow report includes expenditure on exploration and evaluation activities of \$278k relating to maintaining the Company's mining lease rental and exploration licences.

Subsequent to quarter end, the Company's major shareholder, Sentient Global Resources Fund IV, L.P. provided additional financial support via an increase of \$1,400,000 in funding capacity under the Company's current loan facility. The loan facility bears a zero rate of interest and has had its maturity extended to 31 March 2021.

## Tenement Schedule - 30 June 2020

| South Australia | Tenement Reference                             | Interest                         |
|-----------------|--|----------------------------------|
| Warrambo        | ML6467   | 100%                             |
| Warrambo        | EL5934   | 100%                             |
| Lock            | EL6425   | 100%                             |
| Mulgathing      | EL6012<br>EL5298<br>EL5661<br>EL5720<br>EL5767 | 100% interest in iron ore rights |
| Mulgathing      | EL5998<br>EL5732                               | 90% interest in iron ore rights  |

Authorised for release by the board of Iron Road Ltd.

For further information, please contact:

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## Appendix 5B

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

Name of entity

Iron Road Ltd

ABN

51 128 698 108

Quarter ended ("current quarter")

30 June 2020

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers                               | -                                  | -   |
| 1.2 Payments for  |                                    |   |
| (a) exploration & evaluation                              | (278)                              | (857)   |
| (b) development   | -                                  | -   |
| (c) production  | -                                  | -   |
| (d) staff costs   | (156)                              | (980)   |
| (e) administration and corporate costs                    | (94)                               | (562)   |
| 1.3 Dividends received (see note 3)                       | -                                  | -   |
| 1.4 Interest received                                     | -                                  | 1   |
| 1.5 Interest and other costs of finance paid              | -                                  | -   |
| 1.6 Income taxes paid                                     | -                                  | -   |
| 1.7 Government grants and tax incentives                  | 50                                 | 50  |
| 1.8 Other (provide details if material)                   | -                                  | -   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(478)</b>                       | <b>(2,348)</b>                                  |

|  |   |   |
|--|---|---|
| <b>2. Cash flows from investing activities</b> |   |   |
| 2.1 Payments to acquire or for:                |   |   |
| (a) entities                                   | - | - |
| (b) tenements                                  | - | - |
| (c) property, plant and equipment              | - | - |
| (d) exploration & evaluation                   | - | - |
| (e) investments                                | - | - |
| (f) other non-current assets                   | - | - |

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

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (12<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|--|
| 2.2                                  | Proceeds from the disposal of:                        |                            |  |
|                                      | (a) entities  | -                          | -                                      |
|                                      | (b) tenements   | -                          | -                                      |
|                                      | (c) property, plant and equipment                     | -                          | -                                      |
|                                      | (d) investments                                       | -                          | -                                      |
|                                      | (e) other non-current assets                          | -                          | -                                      |
| 2.3                                  | Cash flows from loans to other entities               | -                          | -                                      |
| 2.4                                  | Dividends received (see note 3)                       | -                          | -                                      |
| 2.5                                  | Other (provide details if material)                   | -                          | -                                      |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>-</b>                   | <b>-</b>                               |

|             |   |            |              |
|-------------|---|------------|--------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |            |              |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | -          | -            |
| 3.2         | Proceeds from issue of convertible debt securities                                      | -          | -            |
| 3.3         | Proceeds from exercise of options   | -          | -            |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities | -          | -            |
| 3.5         | Proceeds from borrowings  | 600        | 2,000        |
| 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)   | -          | -            |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>600</b> | <b>2,000</b> |

|           |  |       |         |
|-----------|--|-------|---------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |       |         |
| 4.1       | Cash and cash equivalents at beginning of period                             | 263   | 733     |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (478) | (2,348) |
| 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)             | 600   | 2,000   |

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

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|---|------------------------------------|---|
| 4.5   | Effect of movement in exchange rates on cash held | -                                  | -   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b> | <b>385</b>                         | <b>385</b>                                      |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 340                                | 218                                 |
| 5.2        | Call deposits   | 45                                 | 45                                  |
| 5.3        | Bank overdrafts   | -                                  | -                                   |
| 5.4        | Other (provide details)   | -                                  | -                                   |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>385</b>                         | <b>263</b>                          |

| <b>6.</b>   | <b>Payments to related parties of the entity and their associates</b>                   | <b>Current quarter<br/>\$A'000</b> |
|---|---|------------------------------------|
| 6.1   | Aggregate amount of payments to related parties and their associates included in item 1 | 3                                  |
| 6.2   | Aggregate amount of payments to related parties and their associates included in item 2 | -                                  |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> |   |                                    |

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

| 7. <b>Financing facilities</b>  | <b>Total facility amount at quarter end<br/>\$A'000</b>  | <b>Amount drawn at quarter end<br/>\$A'000</b> |
|---|--|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.<br/>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   |  |  |
| 7.1 Loan facilities   | 8,000  | 8,000  |
| 7.2 Credit standby arrangements   | -  | -  |
| 7.3 Other (please specify)  | -  | -  |
| 7.4 <b>Total financing facilities</b>   | <b>8,000</b>   | <b>8,000</b>                                   |
| 7.5 <b>Unused financing facilities available at quarter end</b>   |  | -  |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | <p>The current loan facility in 7.1 is an unsecured loan from the Company's major shareholder, the Sentient Global Resources Fund IV, L.P (Sentient). It attracts nil interest and has had its maturity extended to 31 March 2021.</p> <p>Subsequent to quarter end, Sentient provided a capacity increase of \$1,400,000 in respect of the unsecured loan to \$9.4 million.</p> |  |

| 8. <b>Estimated cash available for future operating activities</b>  | <b>\$A'000</b> |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9)   | (478)          |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))  | -              |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2)  | (478)          |
| 8.4 Cash and cash equivalents at quarter end (item 4.6)   | 385            |
| 8.5 Unused finance facilities available at quarter end (item 7.5)   | -              |
| 8.6 Total available funding (item 8.4 + item 8.5)   | 385            |
| 8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>   | 0.8            |
| <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> |                |
| 8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:   |                |
| 8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?   |                |
| Answer: Yes   |                |

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

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company has taken steps to raise cash to fund its operations, initially through additional funding support from its major shareholder - Sentient Global Resources Fund IV, L.P (Sentient). Sentient has extended \$1,400,000 of funding capacity following the end of the quarter. Iron Road continues to work with several parties evaluating investment proposals and associated funding models to progress the Cape Hardy Stage I port development. The Company is also in receipt of a \$25 million Federal Government grant commitment to assist in funding the Company's Stage 1 deep water multi-commodity, multi-user port proposal as announced on 16 December 2019 and believes it likely that third-party investment for Cape Hardy Stage I will materialise. It is expected that the Company will also undertake a future capital raising, in the form of a rights issue which the major shareholder has indicated it will fully support.

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

Answer: Iron Road expects to be able to continue its operations and to meet its business objectives following fundraising activities as detailed above. In the event that funding support is not sufficient to meet planned expenditures, Iron Road will reduce corporate spend activities as required.

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

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 23 July 2020

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

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.