



# ASX ANNOUNCEMENT

Iron Road Ltd (Iron Road, ASX: IRD)



## PORTALIS GRAIN-LED CAPE HARDY STAGE I PORT UPDATE AND IRON ROAD GREEN HYDROGEN STRATEGY

**Iron Road Ltd (Iron Road or Company, ASX: IRD)** welcomes the update provided today by Portalis on the grain-led Cape Hardy Stage I port development. Portalis, formed in December 2020, is the name of the joint venture between the Cape Hardy Stage I developers - Iron Road, Eyre Peninsula Co-operative Bulk Handling (EPCBH) and Macquarie Capital. The Portalis statement including remarks from Portalis Chair and former South Australian Premier, the Hon Rob Kerin is appended to this release.

With respect to the potential of Cape Hardy as a credible, long-term and large-scale green hydrogen / green ammonia export gateway for South Australia, the Company advises it has recently received strong interest from multiple North Asian groups in associated opportunities, including “green iron” pellet manufacturing. This interest follows the State Government’s recent announcement it had selected seven short listed projects for converting the state-owned site at Port Bonython, in the Upper Spencer Gulf, into an export hub for green and blue hydrogen.

The State Government’s 2020 Hydrogen Export Prospectus recognises the ideal location of Cape Hardy on the Eyre Peninsula and potential to leverage proximate, large-scale renewable energy resources. This builds further on the tangible recognition and support of the Cape Hardy project from Infrastructure Australia and the Federal Government. Similar to the government-led Port Bonython engagement process initiated in May 2021, Iron Road intends launching a wide-ranging Expression of Interest (EOI) process during 1H 2022 targeting Australian and international green hydrogen project proponents.

Experienced industry consultants are now being engaged to assist the Company in this process.

**Authorised for release by the board of Iron Road Ltd**

**For further information, please contact:**

Larry Ingle, Chief Executive Officer  
Iron Road Ltd  
Tel: +61 8 8214 4400

Jarek Kopias, Company Secretary  
Iron Road Ltd

**ASX: IRD**

**[admin@ironroadlimited.com.au](mailto:admin@ironroadlimited.com.au)**

**<https://ironroadlimited.com.au>**



## Update on grain-led Cape Hardy Stage 1 port development project

**23 November 2021** – Portalis today provides an update on Stage I of the multi-commodity, deep water port development proposal for Cape Hardy. Stage I involves launching the port as a grain-led export hub, capable of also handling other commodities, with larger-scale iron concentrate exports and other industrial activities on the 1,200-hectare site to take place from Stage II onwards.

Portalis is the name of the joint venture between the Port's developers, Iron Road, Eyre Peninsula Co-operative Bulk Handling ("EPCBH") and Macquarie Capital. Since December 2020, when Portalis was formed, it and the joint developers have consulted extensively with 200-plus Eyre Peninsula (EP) grain growers and, through EPCBH, worked with growers on various models for the supply of grain to Cape Hardy for Stage I. The purpose of these consultation sessions was to seek grower feedback on a range of aspects relevant to a final investment decision being made on Stage I, including the concept of long-term grain supply agreements.

This work has resulted in valuable feedback from EP growers, confirming strong support for a multi-commodity, capesize-capable port at Cape Hardy that will drive diverse regional growth opportunities for the Eyre Peninsula. It has also confirmed that, on balance, EPCBH farmer members do not support the concept of long-term supply agreements within the commercial model that was proposed at this year's grower meetings. As a result, there is further work to be done on a grain supply model for the port that will support the commercial needs of Iron Road (as owner of the site), the grower community, industry stakeholders, and meet the requirements of investors and debt financiers.

Portalis supports Iron Road's requirement that any alternate Stage I export facility smaller than the originally proposed \$A250 million project needs to be scalable to support both the future development of the Central Eyre Iron Project (CEIP) and the timing of the larger-scale Stage II project. The Stage II project continues to provide multi-commodity opportunities, including grain, and as such may have lower investment hurdles for establishment of grain-related export facilities than the current Stage I approach.

Portalis today confirms that, informed by grower feedback, it and the joint development partners have been undertaking the following initiatives:

- Consideration of alternative development pathways. EPCBH and Portalis have been approached by a grain trading business of international standing regarding grain handling and export opportunities at Cape Hardy. Portalis confirmed it is working with that business on potential operating models that feature a reduced capital expenditure for Stage I and consideration of strategic grower-owned upcountry grain storage.
- Through Iron Road, progressed early-stage works on the broader port project. In 2021, Iron Road Ltd welcomed increased levels of engagement from potential industry partners for its Central Eyre Iron Project that could bring forward Stage II of the project. Stage II includes plans for bulk commodities and grain exports, giving the EP the capacity to support the wider range of regional industries that growers and other key stakeholders have told Portalis are critical to long-term economic growth opportunities and future prosperity for the region.

Regarding the progression of work on Stage II of the project, elements of which are also a prerequisite for Stage I, Portalis has been advised of the following Iron Road activities:

- Acquisition of a further 24 hectares of gulf-front land at Cape Hardy, with Iron Road now owning approximately 1,200 hectares of land at Cape Hardy that comprises the proposed industrial port precinct.
- Milestones associated with the extinguishment and relocation of various easements and rights of way across its properties at Cape Hardy to allow for unencumbered port precinct development. Iron Road expects this process to be completed by early 2022.
- Development deed and lease negotiations with the South Australian Department of Infrastructure and Transport, relating to the granting of a Certificate of Title over the seabed in favour of the State and subsequent lease thereof to Iron Road. Iron Road indicates this is on track and targeted for completion by mid-2022.

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- Advancement of a detailed marine geotechnical scope of works that has formally been reviewed by a preferred list of qualified EPC candidates selected by the joint development partners, as well as the appointment of the preferred consultant. This is a key step in developing the final marine structural design for the port.
  - Ongoing discussions with parties concerning potential direct CEIP investment spanning minority to majority shares in the project.

Portalis also notes that EPCBH has:

- Finalised its acquisition of 162 hectares of land adjacent to the Cape Hardy port precinct which it will use for opportunities arising from a multi-user, multi-commodity deep water port.
- Initiated a strategic planning process for that property to maximise its future utilisation.

Portalis Chair, the Hon Rob Kerin, said: “Engaging with the EP grower community has been an extremely valuable process for informing the evolution of the Cape Hardy port project. Infrastructure projects typically evolve as stakeholders are consulted and work is undertaken on a detailed understanding of the needs of users.

“The feedback received from EP growers, the initiatives outlined in this update, Iron Road’s ongoing work on Stage II of the project, and EPCBH’s land acquisition adjacent to the port precinct confirm that Cape Hardy’s attributes make it a natural location for a regional port that will support resources, commodities and agricultural producers through enabling competitive access to global markets.

“We remain focused on galvanising grower support and building on the initiatives of individual joint developers by refining the Stage I proposal so that it supports the EP’s primary producers and meets the needs of both the Central Eyre Iron Project and wider regional development opportunities.”

Portalis will provide further updates as these initiatives progress.