



QUARTERLY ACTIVITIES REPORT

For the period ended 31 March 2021



CENTRAL EYRE IRON PROJECT (CEIP)

Cape Hardy port

Andrew Newman was appointed as Project Director of **Portalis**, the developer of the proposed \$250 million Cape Hardy Stage I port project on Eyre Peninsula, South Australia. Portalis is a joint venture between Iron Road (**IRD**), Eyre Peninsula Co-operative Bulk Handling (**EPCBH**) and Macquarie Capital (**Macquarie**).

Mr Newman brings over 20 years' experience in infrastructure and project financing and advisory across a broad range of public and private sector developments of State and national significance. He joins Portalis after 13 years as a senior infrastructure developer in the Adelaide office of Macquarie Capital, part of Australian-headquartered global infrastructure leader, Macquarie Group.

The Joint Developers (JDs) focussed on grower meetings across the Eyre Peninsula, resulting in growth of EPCBH membership, a better understanding of the staged port approach, and with strong support evident for the multi-commodity port concept. The JDs received valuable feedback during these meetings and are currently working through insights provided by growers.

Infrastructure Australia's February 2021 Infrastructure Priority List noted the Federal Government's \$25 million commitment towards developing and constructing the Cape Hardy port that will ultimately bring together agriculture, mining, renewable hydrogen, green manufacturing and indigenous business into a multi-user, multi-commodity manufacturing and export hub in South Australia.

Iron ore

As part of ongoing due diligence activities associated with the company's 100% owned CEIP, a continuous downhole 88-metre diamond core sample, drilled through part of the Rob Roy orebody, was dispatched to Australian representatives of a large and expanding Asian steel producer and industrial manufacturing group.

The magnetite gneiss core sample was requested to enable the potential CEIP investor and iron concentrate end-user to perform test work as part of a broader due diligence process, including access to the CEIP data room. Meetings and a site visit to the proposed mine, port and infrastructure corridor are planned during May 2021. The Company advises that no commercial agreements have been executed to date.

Iron Road engaged Metalytics to independently review the proposed CEIP processing flowsheet for the preferred 12Mtpa iron concentrate delivery model. This assessment encompasses the entire beneficiation process, commencing from the coarse ore stockpile through to the load-out of coarse-grained, premium 66.7% Fe

concentrate. Metalytics is a highly regarded specialist consulting firm to the iron ore and steel industry and their industry professionals have decades of experience consulting to resource companies (including iron ore majors), steel producers, the financial sector and public sector entities.

A full reconciliation of mass balance data, including iron grades and particle sizing distributions at each major stage of the beneficiation process, will allow Metalytics to verify progressive iron balances and projected iron recoveries. The primary purpose and outworking will be an independent assessment of processing CEIP coarse-grained magnetite ore against comparable industry operations and advanced projects. This technical report is expected to be completed in May 2021 and made available to potential CEIP partners with summary findings of the report to be communicated to the market.

The Company has also received renewed interest in the Gawler Iron Project (GIP) and is progressing due diligence with those parties involved.

Approvals

The EIS Amendment with the South Australian State government continued to progress and a draft was lodged with Planning Land Use Services-Attorney General's Department (PLUS-AGD) during March 2021 for an adequacy check. The report and appendices were circulated to the following agencies: Department for Environment and Water, EPA, Primary Industries and Regions SA, Department for Infrastructure and Transport and Aboriginal Affairs. Most agencies have provided comment and all have the opportunity to review the documents and provide comment again during the public exhibition period.

The Amendment allows for construction of a port at Cape Hardy to be staged. The Stage I option would be designed and constructed to allow for Panamax vessels, with handling for both grain and other goods (including minerals). The Stage II option would allow for both Panamax and Cape-class vessels and the export of iron concentrate from the CEIP and other bulk mineral commodities.

The Deputy Executive Director, Mineral Resources, in accordance with delegated Ministerial powers and functions consented to the partial surrender and variation to the Memorandum of Exemption for Mining Lease (ML) 6467. The partial surrender of the above lease was entered on the Mining Register on 16 March 2021. The new area of the lease is 6,414 hectares representing a reduction of approximately 24% or 2,044 ha agricultural land. The revised mine plan with 12 Mtpa iron concentrate production, as announced on 25 February 2019¹, does not require as large a footprint as the previous significantly larger mine plan (21.5 Mtpa iron concentrate production). The reduction in the Mining Lease area relieves the Company from a portion of its annual Mining Lease rental obligations, with savings directed towards more immediate development priorities. This measure also aligns with greater potential investor interest in the lower capital, lower risk 12 Mtpa CEIP delivery model.

The Company has commenced a review of the Mining Lease (ML) conditions to inform the updating and completion of the current draft Program for Environmental Protection and Rehabilitation (PEPR). Primary approvals were granted by the State and Federal Governments for a larger 21.5 Mtpa iron concentrate project prior to the revised and less capital intensive 12 Mtpa model proposed in early 2019.

Green hydrogen / green manufacturing

During January 2021, Iron Road announced that master planning for a green manufacturing precinct at Cape Hardy by The Hydrogen Utility (H2U) will integrate an iron ore 'green pellet' plant fuelled by renewable energy, using high grade iron concentrate from the CEIP. This follows an extension to the Company's 2019 Heads of Agreement and Project Development Accord with H2U that, during November 2020, attracted Mitsubishi Heavy Industries, Ltd., a leading Japanese multinational engineering, technology, and investment partner. Having secured this strategic cornerstone investor, H2U has advanced its green hydrogen development projects in South Australia,

including planning for a green manufacturing precinct at Iron Road’s 1,100-hectare Cape Hardy port site. Iron Road is encouraged by developments with respect to hydrogen both at the State and Federal level.

Community and stakeholder engagement

Company representatives attended all grower and service provider JD meetings across the Eyre Peninsula and were available to answer questions relating to the Company, the proposed Cape Hardy port and the broader CEIP. Strong support was evident across all stakeholders for the multi-commodity port concept. The Company was a major sponsor of the @ the bay and Tumbly Bay Street Art Festival held during early March 2021.

Iron Road participated and presented at the 84th Annual EPLGA Conference held over two days during late February 2021 in Port Lincoln. This included meetings with Regional Development Australia Eyre Peninsula (RDAEP) and other stakeholders. Strong support was evident from member district councils for a new multi-commodity port on the Eyre Peninsula and for associated hydrogen / renewables development.

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 \$527k relating to development of the Cape Hardy port facility and maintaining the Company’s mining lease rental and exploration licences.

Tenement Schedule - 31 March 2021

South Australia	Tenement Reference	Interest
Warrambo	ML6467	100%
Warrambo	EL5934	100%
Lock	EL6425	100%
Mulgathing	EL6012 EL6173 (previously EL5298) EL5661 EL5720 EL5767	100% interest in iron ore rights
Mulgathing	EL5998 EL5732	90% interest in iron ore rights

¹ ASX announcement “Revised CEIP Development Strategy” on 25 February 2019.

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
www.ironroadlimited.com.au

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")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(148)	(493)
(b) development	-	-
(c) production	-	-
(d) staff costs	(179)	(474)
(e) administration and corporate costs	(224)	(789)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	50
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(551)	(1,706)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(379)	(554)
(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 \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	13
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(379)	(541)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	10,422
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	(11)	(18)
3.5	Proceeds from borrowings	-	1,000
3.6	Repayment of borrowings	-	(8,657)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(11)	2,747

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,826	385
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(551)	(1,706)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(379)	(541)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	2,747

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	885	885

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	840	1,781
5.2	Call deposits	45	45
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	885	1,826

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
3
-

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

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	743	343
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	743	343
7.5 Unused financing facilities available at quarter end		400
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.		
The current facility in 7.1 is an unsecured facility from the Company's major shareholder, the Sentient Global Resources Fund IV, L.P (Sentient). It attracts nil interest and matures on 30 September 2021.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(551)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(379)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(930)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	885
8.5 Unused finance facilities available at quarter end (Item 7.5)	400
8.6 Total available funding (Item 8.4 + Item 8.5)	1,285
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.4

- 8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:
- 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?

Yes. The Company expects to continue development of its port precinct and Central Eyre Iron Project (CEIP).

- 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?

Yes. The Company is currently in a trading halt for the purpose of capital raising activities. The Company expects to lift its current trading halt on Monday 3 May and announce a successful share placement.

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

Yes. Based on the successful capital raising activity and future prospects, the Company expects to continue its operations and meet its business objectives.

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: 30 April 2021

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.