



# QUARTERLY ACTIVITIES REPORT

For the period ended 31 March 2022

## MARCH QUARTER REVIEW

### Central Eyre Iron Project

Iron Road's core activities continue to centre on engagement with potential strategic partners and evaluating proposals associated with an equity share of the Company's 100% owned Central Eyre Iron Project (CEIP). Hosting Australia's largest magnetite Ore Reserve with a Definitive Feasibility Study and optimisation studies complete, the CEIP is positioned to capitalise on the increasingly positive outlook for high quality steelmaking raw materials. The project is the most advanced greenfield high-grade iron ore development opportunity in Australia.

The depth of project work undertaken and the de-risked aspects of the CEIP in comparison with peer project developers in Australia, is evidenced by capitalised exploration and evaluation expenditure on the Company's balance sheet as of 31 December 2021 (audited value of \$123 million). An additional \$10.6 million of capitalised property, plant and equipment primarily relates to circa 1,200 hectares of strategic port precinct land situated at Cape Hardy. In total, approximately \$180 million (nominal terms) has been expended to date by the Company.

The following attributes of the CEIP are identified as the key value drivers for potential strategic partners, particularly in the context of targeting a credible timeframe to Financial Close, commencing construction and ultimately exporting high-grade, low impurity iron concentrate. Iron Road's development experience is in line with that of industry more widely. Obtaining regulatory approvals and concluding Native Title Agreements is a key differentiator. For all greenfield projects, these are resource intensive and time-consuming processes that in many instances may add unexpected challenges and result in significant delays to project delivery timeframes.

Key CEIP Value Driver	Characteristics
<b>Geology</b>	
Largest magnetite Ore Reserve in Australia	Mine life capable of delivering 589Mt of premium 66.7% Fe concentrate at P <sub>80</sub> 106µm
Well understood magnetite gneiss orebody	478 diamond drill holes (160,025m) & 22 RC drill holes (3,208m), 42,680 XRF iron ore suite assays, 7,928 DTR tests, 609 QEMSCAN
Very coarse-grained texture (1.5mm average magnetite grain size)	Low processing risk vs. very hard, fine-grained WA banded iron formation magnetite; significant material handling advantages
<b>Metallurgy</b>	
Low impurities and low variability across orebody 60% waste rejection at front end of process plant	Negligible S & P, SiO <sub>2</sub> & Al <sub>2</sub> O <sub>3</sub> easily separated; uniform mineralogy Offsets relatively low in-situ Fe grade & simplifies downstream beneficiation
Flowsheet validation	Independently verified; 12Mtpa, 21.5Mtpa and 24Mtpa scenarios provide optionality
<b>Ancillaries and Port site</b>	
Access to groundwater, power upgrades, port	Strategic and natural deep-water port site presents minimal impacts
<b>Approvals and Native Title</b>	
State and Federal Government Primary Approvals & wider stakeholder support	Mining Lease & Development Approval granted for 21.5Mtpa operation; Federal EPBC approval; local govt. & community
Indigenous Land Use Agreement (ILUA)	Mine site, infrastructure corridor and port (landside & gulfside) with the Barnjarla traditional owners; export royalty regime agreed

The financial model being shared with potential strategic partners reflects the lower capital 12Mtpa CEIP delivery model. Iron ore price assumptions underpinning the projected commercial returns in the matrix below are for high-grade 65% Fe Fines CFR China. Iron Road's modelling assumes the 65% Fe Fines CFR China index will trade at a circa long-run 15-20% average premium to benchmark 62% Fe Fines CFR China.

Of significance, the 12Mtpa delivery model and associated economic metrics are representative of a "first phase" cumulative Life of Mine output of 250Mt 66.7% Fe concentrate. This lower capital "first phase" represents less than 50% of the 589Mt of high-grade product the Warramboorebodies can deliver (estimated primarily from the Ore Reserve), which signals asset valuation upside compared with the projected returns below.

State and Federal Government Primary Approvals already received for a 21.5Mtpa CEIP operation provides Iron Road and a preferred strategic industry partner with the flexibility and optionality on the ultimate financing and development strategy.

## CEIP - key metrics and economics

### Preferred Lower Capital, Lower Risk 12Mtpa CEIP Delivery Model

Operating Parameters		Financial Metrics (\$2018 terms)	
Concentrate production (dry)	12Mtpa	Capital Cost	US\$1.74 billion
Concentrate grade	66.7% Fe	Capital intensity	US\$134/wmt
Life of Mine	22 years	FOB operating cost	US\$44.50/wmt <sup>1</sup>
Life of Mine concentrate (dry)	250Mt	<sup>1</sup> ex state royalty and sustaining capex	
Strip ratio	0.97:1		
Mean power demand	167MW		

### IRR and NPV<sub>10</sub> Sensitivity at Financial Close<sup>2</sup>

High Grade 65% Iron Index Price (US\$/dmt)		90	100	110	120
AUD/USD	<b>0.717</b>	25.0% / US\$949M	33.5% / US\$1.68B	40.8% / US\$2.41B	47.5% / US\$3.13B
	<b>0.750</b>	22.1% / US\$761M	30.8% / US\$1.49B	38.2% / US\$2.22B	44.8% / US\$2.95B
	<b>0.800</b>	17.7% / US\$473M	26.8% / US\$1.21B	34.3% / US\$1.94B	41.0% / US\$2.66B

<sup>2</sup> geared, post-tax IRR and NPV<sub>10</sub> at financial close, tax rate of 30%

Refer to ASX announcement "Revised CEIP Development Strategy Reduces Project Capex Requirements by 56%" on 25 February 2019

## Cape Hardy port

Iron Road, Eyre Peninsula Co-operative Bulk Handling (EPCBH) and Macquarie Capital (Macquarie) are parties to a Joint Development Agreement (JDA) based on advancement of the proposed Cape Hardy Stage I multi-user, multi-commodity (grain-led) port facility.

As previously advised, increased levels of engagement from potential industry partners for the CEIP may bring forward Stage II of the port project, which includes plans for bulk mineral commodities and grain exports. This would have the advantage of providing the Eyre Peninsula with the capacity to support a wider range of regional industries that growers and other key stakeholders regard as critical for the renewal of communities, long-term diversified economic growth and future prosperity for the region.

Both EPCBH and Macquarie are understanding of the Company's focus on the Stage II development proposal to run in parallel with continued investigations into the optimal business case for grain handling, storage and export facilities at Cape Hardy.

## Green Hydrogen

Iron Road has continued to develop, with the aid of experienced industry consultants, draft documentation for an initial market sounding, and later a formal Expression of Interest, for the potential future development of Cape Hardy as a green hydrogen manufacturing and export hub and industrial precinct. Initial market engagement is anticipated to commence in the current quarter. This development will be complementary to the already well-established designs for the CEIP iron concentrate handling at the port and preliminary designs for grain handling and storage facilities.

At the request of the South Australian Department for Energy and Mining (DEM), Iron Road hosted a visit to Cape Hardy that included Mr. Martijn Coopman, Program Manager International Hydrogen Supply Chains for the Port of Rotterdam Authority, together with government representatives to showcase the site and outline Iron Road's aspirations and concept plan for the hub and precinct.



*Iron Road's General Manager – Projects, Noel Second (far right) hosts Richard Day, Director of Strategy, Policy and Communications, Growth and Low Carbon Division, DEM, Saindhav Tamhane, Program Manager Hydrogen, DEM and Martijn Coopman – Program Manager International Hydrogen Supply Chains, Port of Rotterdam, across the 1,200-hectare future Cape Hardy port precinct on Eyre Peninsula, South Australia*

## Corporate

On 28 March 2022, Iron Road announced it had elected to exercise its option of issuing a future placement of ordinary shares in the Company (**Shares**) raising up to \$1.25 million. Proceeds which are expected to be received on or before 17 October 2022, along with existing cash reserves, are to be used to further advance the Company's assets and fund general working capital requirements.

The placement constitutes the second investment made by Bulk Commodity Holdings, LLC (the **Investor**), a US-based institutional investor, with each investment being made by way of a prepayment of Shares (**Subscription Shares**) to be issued by the Company. The initial investment in 2021 raised \$1,250,000 for \$1,337,500 worth of Subscription Shares and the second investment will similarly raise \$1,250,000 for \$1,337,500 worth of Subscription Shares. A third investment raising up to \$2,500,000 may be conducted by mutual consent of the Investor and the Company.

The bespoke terms of the placements effectively defer the issuance of Shares to the Investor across three separate investments (by up to 12 months for each of the first & second investments) and are specifically targeted to minimise the dilutionary impact for current IRD shareholders. Further details are available in the ASX Release of 16 December 2021.

At quarter end, the company held cash reserves of \$2.7 million and no debt. Iron Road's Appendix 5B includes amounts in item 6.1 representing the settlement of accrued Board of Director fees for the 12-month period January to December 2021 as well as Executive Director salary payments for the most recent quarter.

## Tenement Schedule - 31 March 2022

South Australia	Tenement Reference	Interest
Warrambo	ML6467	100%
Warrambo	EL5934	100%
Lock	EL6425	100%
Mulgathing	EL6012	100% interest in iron ore rights
	EL6173	
	EL6502	
	EL6532	
	EL5767	
Mulgathing	EL5998	90% interest in iron ore rights
	EL6569	

This announcement includes forecast financial information reported as “Revised CEIP Development Strategy” announced on 25 February 2019. The Company confirms that all material assumptions underpinning the forecast financial information derived from the production target continue to apply and have not changed.

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

**For further information, please contact:**

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Jarek Kopias, Company Secretary  
Iron Road Ltd

## 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 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(114)	(344)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(500)	(1,170)
	(e) administration and corporate costs	(138)	(787)
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	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(752)</b>	<b>(2,301)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(903)
	(d) exploration & evaluation	(66)	(317)
	(e) investments	-	-
	(f) other non-current assets	-	-

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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>(66)</b>	<b>(1,220)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	200	697
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	(2)	(22)
3.5	Proceeds from borrowings	-	1,250
3.6	Repayment of borrowings	(200)	(543)
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>(2)</b>	<b>1,382</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	<b>3,474</b>	<b>4,793</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(752)	(2,301)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(66)	(1,220)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	1,382

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$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>2,654</b>	<b>2,654</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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 \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,609	3,429
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>2,654</b>	<b>3,474</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	319
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	1,250	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 Unused financing facilities available at quarter end</b>		1,250
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.		
Subscription Agreement with Bulk Commodity Holdings, LLC, an US based investor, for a private placement of shares with a subscription price of \$1,250,000. The funds are expected to be received in October 2022. See ASX announcements dated 16 December 2021 and 28 March 2022.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(752)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(66)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(818)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,654
8.5 Unused finance facilities available at quarter end (item 7.5)	1,250
8.6 Total available funding (item 8.4 + item 8.5)	3,904
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	4.8
<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: N/A	
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: N/A	

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

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: N/A

*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: 29 April 2022

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.