



ASX ANNOUNCEMENT

Iron Road Limited (Iron Road, ASX:IRD)



DEBT FINANCING EXPRESSIONS OF INTEREST RECEIVED FOR CENTRAL EYRE IRON PROJECT

Three Major Financial Institutions Indicate Lending Appetite for US\$3 Billion Debt Financing

Highlights

- China Development Bank (CDB), Industrial and Commercial Bank of China Ltd (ICBC) and China Construction Bank (CCB) lodge formal Expressions of Interest (EOI) for CEIP debt financing;
- EOIs indicate willingness and ability to provide senior debt with loan tenors of up to 15 years, offer letters of credit, working capital facilities as well as interest rate and foreign currency swaps;
- Bank due diligence processes now being prepared and site visits planned;
- China Railway Group–Iron Road Project Commercialisation Programme continuing ahead of CEIP Final Investment Decision.

Iron Road Limited (Iron Road, ASX: IRD) is pleased to advise that the Company has received formal Expressions of Interest from three major Chinese financial institutions – China Development Bank (CDB), Industrial and Commercial Bank of China Ltd (ICBC) and China Construction Bank (CCB) – to provide debt finance for the development of the Company's Central Eyre Iron Project (CEIP) in South Australia.

The EOIs, subject to standard terms and conditions, indicate senior debt financing capability and very importantly, loan tenors of up to 15 years. Iron Road expects that subject to satisfactory due diligence, completion of formal financing documentation and credit committee approval, the three banks can meet the anticipated US\$3 billion in senior debt finance required to develop the CEIP, which includes mine, processing facilities, port, railway and other minor infrastructure.

All three institutions confirmed their desire and capacity to achieve Financial Close by December 2017.

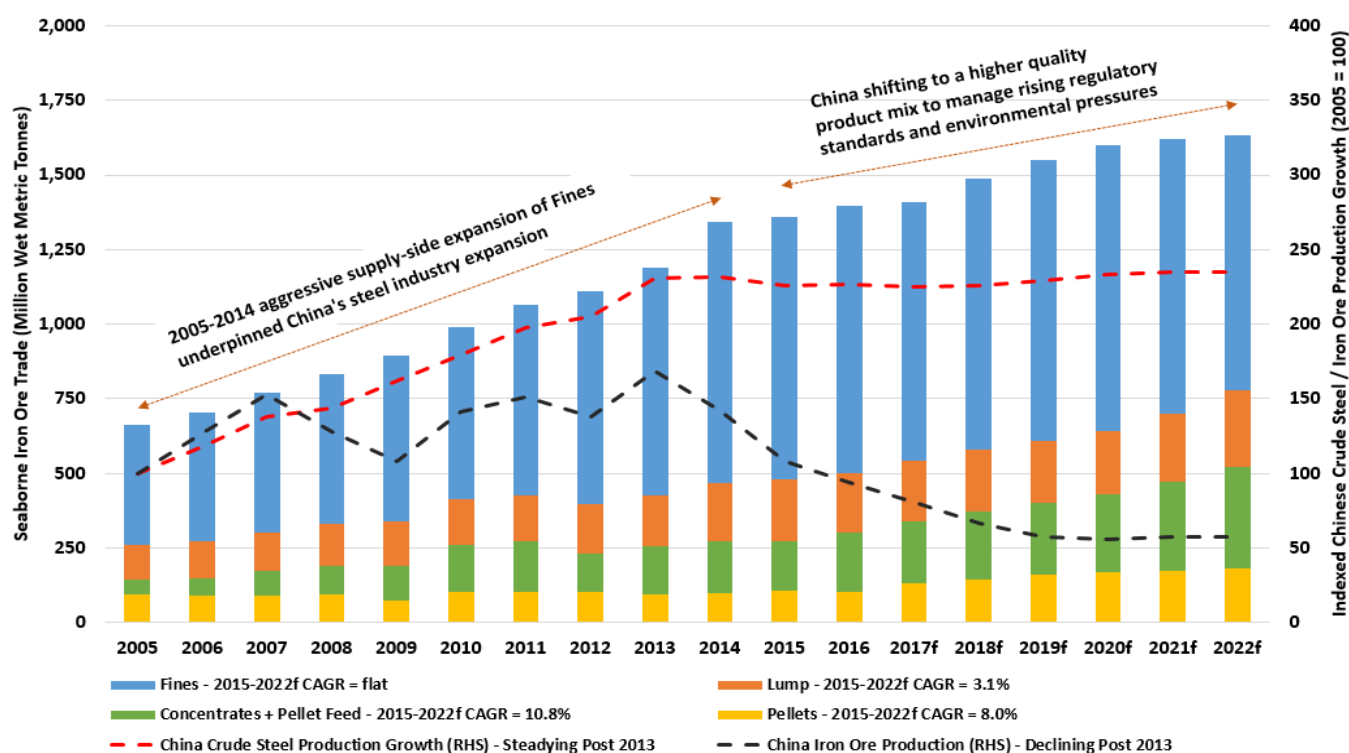
The receipt of formal debt financing EOI letters follows meetings with the banks in Beijing, Shanghai and Sydney during February-April 2017, attended by Iron Road Limited (IRD) and project development partner China Railway Group Limited (CREC).

Iron Road Managing Director, Andrew Stocks, said the Company is now preparing a co-ordinated due diligence process for each of the financial institutions following a 12 month period of due diligence activities by CREC, running parallel with the joint IRD-CREC Project Commercialisation Programme.

“We are very pleased to have received formal indications of financing support from these three major financial institutions, in addition to the equity interest from our project development partner CREC. Significantly, the banks have also signalled that CREC is an important strategic partner given its status as one of China’s largest State Owned Enterprises. This is a key step forward towards the development of the CEIP.”

“We believe CREC’s 10Mtpa of high quality iron concentrate offtake, proposed equity investment at both the IRD and CEIP levels, together with the provision of a Project Completion Guarantee, is driving the banks strong support and appetite to lend.”

Adding impetus to strengthening equity finance interest is acknowledgment that high quality iron ore is increasingly being sought by a consolidating Chinese steel industry to better manage rising environmental challenges and tighter regulatory standards. Although the overall rate of growth in seaborne iron ore demand has slowed in response to steadying Chinese crude steel production, projected demand growth for high quality products such as CEIP iron concentrate remains buoyant. Key to this is the declining output trend in Chinese domestic iron concentrate supply. High quality Chinese iron concentrate and analogous imported products play a crucial role for steel producers in balancing out sub-benchmark grade ores and blending desired blast furnace feedstock.



Sources: Metalytics, Wood Mackenzie

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About China Development Bank (CDB)



Established in 1994¹, China Development Bank (CDB) specialises in development finance for projects in support of China's national priorities. CDB's chief function has been the financing of large infrastructure projects, including the Three Gorges Dam and Shanghai Pudong International Airport. CDB directs 47.83%² of its lending portfolio to railways, roads, electricity and public infrastructure, and 14%³ of its lending portfolio is directed offshore.

About Industrial and Commercial Bank of China (ICBC)



Industrial and Commercial Bank of China (ICBC) is the largest bank in the world with USD 3,420 billion in assets⁴. ICBC was established in 1984 and listed on the Hong Kong and Shanghai Stock Exchanges in 2006. ICBC has a presence in 42 countries and has 496 million⁵ retail customers and 5.32⁶ million corporate customers. In 2016, The Industrial and Commercial Bank of China (ICBC) topped *The Bankers* Top 1000 World Banks Ranking list for the fourth consecutive year, with year on year Tier 1 capital growth from USD 248.6 to USD 274.4 billion in 2015⁷. ICBC is also ranked number one on the Forbes World's Largest Public Companies list in 2016⁸, with assets of USD 3,420.3 billion and market value of USD 198 billion.

About China Construction Bank (CCB)



China Construction Bank (CCB) is the second largest bank in the world with USD 2,862 billion in assets and a market valuation of USD 162.8 billion⁹. Established in 1954 as a wholly state owned bank, The People's Construction Bank of China originated from The Bank of Canton, the first locally incorporated Bank owned by the Chinese people. Renamed in 1996 to the China Construction Bank, CCB acquired a 100% interest in Bank of America (Asia) in 2006 and AIG Finance (Hong Kong) in 2009. CCB now has 341 million retail customers¹⁰ and 14,917 branches and is listed on both the Hong Kong and Shanghai Stock Exchanges.

1 <http://www.cdb.com.cn/English>

2 CDB 2015 Annual Report

3 ibid

4 Bankers Almanac, 1 February 2017

5 <http://www.icbc-ltd.com/ICBCLtd/About%20Us/Introduction/>

6 ibid

7 <http://www.thebanker.com/Top-1000-World-Banks/Top-1000-World-Banks-Chinese-banks-go-from-strength-to-strength>

8 ibid

9 ibid

10 www.ccb.com/en/newinvestor/overview