



QUARTERLY ACTIVITIES REPORT

For the period ended 31 December 2023

DECEMBER QUARTER REVIEW

Cape Hardy Green Hydrogen & Ammonia Project

Iron Road Ltd (ASX:IRD, Company or Iron Road) announced on *12 January 2024* that the Company and Amp Energy (Amp) had agreed to extend the Strategic Framework Agreement and associated exclusivity period by three months to 12 April 2024. The extension is expected to provide adequate additional time to finalise and execute transaction documents associated with the next phase of the Cape Hardy green hydrogen and ammonia project. In return for Iron Road granting the extension, Amp agreed to waive its right to receive a refund of \$500k (one-third of the initial \$1.5m exclusivity fee paid by Amp), resulting in the removal of this \$500k liability from Iron Road's balance sheet. The Strategic Framework Agreement commercial terms remain unchanged and are expected to underpin transaction documents in Q2 2024.

For downstream delivery of the Cape Hardy green hydrogen and ammonia project, Amp has recruited Thyl Kint as Project Director. Thyl brings 40 years of global experience with BHP Petroleum, BP, BW Offshore, Kerr McGee, Santos, Shell and the International Finance Corporation.

The green hydrogen and ammonia strategy complements a broader vision for the proposed Cape Hardy port and industrial precinct. This includes the Cape Hardy site facilitating water security to sustain major South Australian industry operations and growth objectives, providing value-add optionality to high-quality magnetite resources on the Eyre Peninsula (i.e. direct reduction green pellets or hot briquetted iron) and strengthening multi-commodity export opportunities. Large-scale renewable energy projects, currently in the planning phase, are expected to provide the required green energy for both the green hydrogen and ammonia development at Cape Hardy and the proposed CEIP mine.

Central Eyre Iron Project (CEIP)

During Q4 2023, the 62% Fe Fines benchmark price averaged circa US\$128/dmt with the high-grade 65% Fe index averaging approximately US\$139/dmt. Seaborne iron ore prices continue to comfortably outperform market consensus expectations with quarterly pricing for both benchmark and the high-grade index rising 11-13% quarter-on-quarter and 25-30% year-on-year. It is apparent to some independent commodity market forecasters that a primary driver for this continued strong pricing is China's ongoing reliance on high marginal cost domestic iron ore production that supplements overall feedstock requirements of the Chinese steel industry along with annual ore imports that exceed 1.1 billion tonnes.

During the quarter, the Company progressed discussions with potential CEIP strategic partners, and facilitated a detailed due diligence process with an Australian mining consultancy appointed by one such proponent. This included Iron Road hosting a field visit to the proposed CEIP mine, Cape Hardy port and infrastructure corridor accompanied by technical teams from both parties. Those involved during the due diligence and field visit included specialists in the disciplines of geology, resource modelling, mining, mine planning, metallurgy, beneficiation, steel making, infrastructure, approvals, ESG and techno-economic / financial modelling. A bulk diamond core sample has been delivered to the proponent's R & D laboratories and is currently undergoing analysis and metallurgical test work. The CEIP Ore Reserve provides optionality across both coarser-grind sinter feed which was the focus of Iron Road's feasibility and optimisation studies and potential finer-grind direct-reduced iron (DRI) products that proponents are now increasingly focused on. The global iron ore mining and steelmaking industry expects that DRI products are likely to remain the most viable mid-term solution for progressively reducing Scope 3 industry emissions.

Northern Water (NW)

The NW project is a priority initiative for South Australia and aims to provide a sustainable water supply to end-users that currently extract water from the Great Artesian Basin (GAB) and River Murray - water sources that support significant environmental and cultural value. This proposed secure source of new water will serve mineral production, defence, agriculture (pastoralists), and emerging green energy industries, whilst also providing the opportunity to supply SA Water and its customers.

On 21 November 2023, NW advised that, consistent with the outcomes of a multi-criteria Analysis by engineering consultants Jacobs and GHD, and aligned with feedback from many community members, further studies for NW would focus on Cape Hardy as the preferred site for a desalination plant with production capacity of up to 260ML/day.

An initial Crown Development application (DA) was lodged on 6 December 2023 by NW, conveying the potential social, environmental and economic significance of the Project. Under state legislation, a decision will be made by the Minister for Planning (SA), who will determine whether the Project should be *Impact Assessed*, necessitating an Environmental Impact Statement (EIS). A referral to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) has also been submitted under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC). In due course DCCEEW will undertake public consultation on the referral, prior to the Minister for the Environment and Water (Cwth) determining if further assessment is required, and the level of that assessment.

On 16 January 2024, the Industry Capability Network (ICN) portal for the NW project became live. Suppliers and organisations interested in future opportunities in relation to the project have been encouraged to lodge their interest via the NW ICN Expression of Interest process.

In the interim an investigative work program by NW continues at the Company's Cape Hardy site, under an agreed *Land Access Protocol* (LAP).

Corporate

The Annual General Meeting was held on 16 November 2023 in Sydney and all resolutions were passed on a poll. A copy of the AGM presentation may be found by clicking [this link](#) or on the Company's website at <https://www.ironroadlimited.com.au/index.php/investor-centre/asx-announcements>.

At quarter end, the Company held cash reserves of \$0.54 million and no debt. Total cash outgoings for operating and investing activities during the quarter were \$677k, expended primarily to progress the Company's proposed Cape Hardy port and industrial precinct development. Budgeted outgoings for operating and investing activities in the March 2024 quarter are approximately \$430k.

On **29 January 2024**, the Company advised that its long-term major shareholder, Sentient Executive GP IV, Limited (Sentient), had agreed to loan Iron Road up to \$1 million interest free with the funding repayable by 30 June 2024.

At Sentient's election, the financing facility may be partially or fully settled via the issuance of convertible notes, each with a face value of \$0.08 and converting to an equivalent number of shares, prior to the loan maturity date. The pricing of \$0.08 is equivalent to Iron Road's previous capital raise (September 2023 Share Purchase Plan). The issuance of convertible notes will firstly require the approval of Iron Road shareholders.

Continued support from the major shareholder enables Iron Road to remain focused on current commercial negotiations associated with the proposed Cape Hardy port and industrial precinct as well as advancing investment prospects for the CEIP. The Company is currently negotiating commercial arrangements with the proponents of two separate industrial-scale proposed developments on the 1,207-hectare gulf-side Cape Hardy property owned by Iron Road.

Effective 1 October 2023, the Company's Executives and Non-Executive Directors elected to defer a portion of salaries/fees (\$355k pa. in aggregate). Items 6.1 and 6.2 in the Company's Appendix 5B include payment of executive and non-executive director fees.

Tenement Schedule – 31 December 2023

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	
	EL6625	
Mulgathing	EL5998	90% interest in iron ore rights
	EL6569	

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")

31 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(7)	(474)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(208)	(505)
	(e) administration and corporate costs	(335)	(616)
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	-	-
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(550)	(1,594)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(129)	(241)
	(e) investments	-	-
	(f) other non-current assets	2	(3)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$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)	-	-
2.6	Net cash from / (used in) investing activities	(127)	(244)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	924
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	(12)	(29)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(300)
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	(12)	595

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,227	1,781
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(550)	(1,594)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(127)	(244)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(12)	595

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	538	538

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	493	1,182
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)	538	1,227

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	94
6.2	Aggregate amount of payments to related parties and their associates included in item 2	41

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.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(550)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(129)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(679)
8.4	Cash and cash equivalents at quarter end (item 4.6)	538
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	538
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	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: The Company's total relevant outgoings in the December 2023 quarter (\$679k – item 8.3) was higher than what is expected going forward as this figure included expenditure relating to annual insurances, audit fees and higher than normal legal costs associated with current commercial negotiations. Total budgeted outgoings for item 8.3 in the March 2024 quarter are approximately \$430k.	

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: Iron Road has in the past undertaken share placements and other forms of fundraising activity. The Company reasonably expects to be able to raise further equity or debt on reasonable terms as well as other forms of non-dilutionary funding to further advance its Projects/Assets. On 29 January 2024, the Company advised that its long-term major shareholder, Sentient Executive GP IV, Limited had agreed to loan Iron Road up to \$1 million interest free with the funding repayable by 30 June 2024.

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: Yes. Iron Road expects to be able to continue its operations and to meet its business objectives following fundraising activities as detailed above. If funding support is not sufficient to meet planned expenditures, the Company will reduce corporate expenditure and other 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: 30 January 2024

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.