



ASX ANNOUNCEMENT

Iron Road Ltd (Iron Road, ASX: IRD)

NORTHERN WATER OPTION TO PURCHASE LAND AT CAPE HARDY INDUSTRIAL PORT PRECINCT

Iron Road and Northern Water execute Option Deeds and Licence Agreement to enable development of desalination plant, pipeline and transmission line infrastructure

Key Highlights:

- Iron Road and Northern Water have executed Option Deeds relating to the purchase of land owned by Iron Road within the 1,207ha Cape Hardy Industrial Port Precinct, together with various easements and a construction laydown area lease.
- *Northern Water* is a significant South Australian Government initiative and an integral component of the *State Prosperity Project*, to realise strong economic benefits and positive environmental outcomes for the Eyre Peninsula, Upper Spencer Gulf and Far North of South Australia.
- BHP, Origin Energy, Amp Energy and Fortescue are among private sector companies contributing to the expected pre-Final Investment Decision (FID) costs of circa. \$200-230 million for the planned 260ML/day desalination plant and 600km pipeline.
- Iron Road will receive land acquisition payments of circa. \$3.33 million for the 89.55ha desalination plant site, 5ha pipeline easement and 9ha transmission line easement.
- Land sale and easements arrangements have been executed through Option Deeds, with monthly Option Fee instalments now payable, netted off the land acquisition value at the exercising of the Option, expected during Q4 2024.
- An investigations licence of \$40,000 is also payable now, with an Option for lease of a temporary 31ha construction laydown area and dwelling (circa. \$133,400 per annum) to be exercised from FID for a minimum three years.
- The land deal preserves Iron Road's control of the planned common user infrastructure footprint at the Cape Hardy Industrial Port Precinct including multi-commodity port infrastructure and facilities.
- The Northern Water project will provide a more cost-efficient logistics solution for Iron Road's Central Eyre Iron Project (CEIP). In addition, provision of industrial scale water is a fundamental and core requirement for Amp Energy's planned Cape Hardy Advanced Fuels Precinct.

Iron Road Ltd (Iron Road or Company, ASX:IRD) is pleased to announce that the Company and Northern Water have executed a series of Option Deeds and a Licence (minimum value of circa. \$3.92 million) to establish Northern Water infrastructure at the Cape Hardy Industrial Port Precinct.

Larry Ingle, Iron Road CEO said "Iron Road is proud to have been a key enabler of the Northern Water project, an ambitious and significant initiative for South Australia. We believe that the location of a large-scale desalination plant within the Company's *Cape Hardy Industrial Port Precinct* presents a holistic and environmentally sound solution to water needs

across the entire Eyre Peninsula, Upper Spencer Gulf and northern regions of South Australia. The desalination plant will provide logistical cost-efficient benefits for the CEIP and the water necessary for Amp Energy's green hydrogen strategy and *Cape Hardy Advanced Fuels Precinct*. We look forward to working with Northern Water and its partners to make this a reality."

Jeremy Conway, Infrastructure SA Chief Executive commented "This marks a significant milestone in the development of Northern Water to facilitate further necessary studies as we move closer to the anticipated final investment decision. We look forward to the ongoing collaboration with Iron Road, alongside other key landholders, traditional owners, and others whose input, contribution and consent will be critical in order for the project to be successful."

Background

During March 2022, following the announcement of joint State and Commonwealth funding of \$15 million and the signing of an MoU between the South Australian Government, BHP, OZ Minerals and SA Water to progress scoping work on the Northern Water project, Iron Road proposed a desalination facility be located at its Cape Hardy site and offered to provide to Infrastructure SA (ISA), all existing intellectual property relating to the Cape Hardy site, including a detailed Environmental Impact Statement (EIS). Shortly thereafter, a non-disclosure agreement was signed between Iron Road and ISA, allowing for data and information sharing.

By H1 2023 four possible sites for the desalination facility were under consideration by Northern Water and in September 2023 a final Multi-Criteria Assessment, undertaken with a select group of stakeholders, indicated that Iron Road's Cape Hardy site was likely to deliver the greatest benefits and have the least negative impacts when compared to three alternative Spencer Gulf sites, refer [ASX announcement 20 September 2023](#).

Northern Water advised on 6 December 2023 that planning and environmental documentation had been lodged under state legislation (via an initial Crown Development Application) and Commonwealth legislation. On [25 January 2024](#), the State Minister for Planning directed that an Environmental Impact Statement (EIS) be prepared for the Northern Water project under s.131(25) of the Planning, Development and Infrastructure Act 2016.

On [22 February 2024](#) the South Australian Government announced that the State and private sector had reached agreement to contribute towards the expected pre-FID costs of approximately \$200-230 million for Northern Water. Northern Water's indicative [fly-through](#) released at the time, highlights some of the key and unique Cape Hardy characteristics, including nearshore access to deep, high-quality water and marine energy suitable for desalination and sustainable brine dispersion (see figure below).



Rendered image of proposed 260ML/day desalination plant reference design at Cape Hardy (source- Northern Water).

Key terms of agreements

1) Executed agreements (Agreements)

- Option Deed (purchase): 89.55ha (being an area of 88ha on Lot 76 North Coast Road and an area of 1.55ha on Lot 1 South Coast Road).
- Option Deed (pipeline easement and temporary construction area): A 30m wide easement (5ha) and an associated temporary construction area (2.7ha).
- Option Deed (transmission easement): A 40m wide easement (9ha).
- Option Deed (lease): Lease of a 31ha construction laydown area and a dwelling owned by Iron Road.
- Access Licence for part of precinct (licence): Access to the properties commonly known as Lots 1, 76, 727 and 818 North Coast Road, Port Neill SA 5604 and Lot 1 South Coast Road, Lipson SA 5607.

2) Parties to the agreements

The agreements are between a wholly owned subsidiary of Iron Road and State Government entities “Premier, for and on behalf of the Crown in right of the State of South Australia, conducting operations through Infrastructure SA, Department for Energy and Mining, Department for Environment and Water, and Department for Treasury and Finance” and “Infrastructure SA” - collectively referred to in this announcement as Northern Water.

3) Consideration received by Iron Road

On exercising of the Options for purchase and easements, Iron Road will receive total consideration for the sale of land to Northern Water of circa \$3.33 million. With the Option Deeds now executed, Iron Road will be paid monthly option fees (Monthly Fees). These Monthly Fees are non-refundable and payable by Northern Water until the exercise of the Option to proceed with the purchase of land (Option). The Option is expected to be exercised by Northern Water by 31 December 2024, however, this may be extended by three months.

Further, an Option for lease provides that, if exercised by Northern Water post a successful FID, Iron Road will also receive a payment of \$110,000pa for a temporary construction laydown area, and a payment not exceeding \$450pw for lease of a dwelling owned by the Company. Separately, a \$40,000 access licence fee is payable for ongoing site access for Northern Water to undertake various surveys and investigations at the Cape Hardy location.

An additional Development Approval Adjustment Fee of up to \$150,000 is payable, to contribute towards the works required by Iron Road to scope the redesign and reconfiguration of the iron concentrate dispatch, transport, receipt and stockpiling infrastructure between and at both the proposed mine at Warrambo and export port at Cape Hardy. The payment of this fee is conditional on Iron Road satisfying a number of conditions within six months of Northern Water exercising the purchase Option including Iron Road entering into a contract with a reputable consultant to carry out the works. Iron Road must provide Northern Water with evidence that the works have substantially commenced, and that Iron Road has incurred costs for at least an amount equivalent to the Development Approval Adjustment Fee.

All amounts quoted above are exclusive of any GST that may be payable.

4) Completion and termination

The Agreements are binding and there are no additional conditions required for the Agreements to come into effect. Completion is only conditional on Northern Water exercising the Option to proceed by 31 December 2024 (or three-month extension of this time) at the discretion of Northern Water and subdivision of the existing land parcel. The Agreements may be terminated at any time by Northern Water prior to Option exercise without refund of the Monthly Fees.

5) Other

There is no security holder approval required to proceed with the Agreements.

- ENDS -

Authorised for release by the board of Iron Road Ltd

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