



ASX ANNOUNCEMENT

Iron Road Ltd (Iron Road, ASX: IRD)



MACQUARIE CAPITAL JOINS \$250 MILLION CAPE HARDY STAGE I PORT DEVELOPMENT

Joint Development Agreement facilitates progress to Final Investment Decision

Highlights

- Macquarie Capital (Macquarie) signs an agreement to become a joint developer of the Cape Hardy Stage I port project (Project), targeting Financial Close of the Project by Q3 2021. Macquarie will also provide financial advisory services to the Project.
- The Australian Government's financial commitment to the Project and Cape Hardy's presence on Infrastructure Australia's priority list underscores the transformational economic growth benefits and future opportunities this vital infrastructure can deliver for the Eyre Peninsula and South Australia.
- Significant conditions already satisfied by Iron Road enable the joint development parties to progressively commit to budgeted expenditure through to a Final Investment Decision for the Project.
- Iron Road retains the right to hold up to 25% of the Project at Financial Close while maintaining 100% ownership of the 1,100 hectare port site and the Central Eyre Iron Project (CEIP).
- Macquarie to be issued 40 million Iron Road warrants (options) with vesting contingent on Financial Close and commercial operations being achieved. Macquarie also offered the right to participate in up to 20% of any share placement conducted by Iron Road for a period up to 12 months after Financial Close.
- Iron Road's asset base recognised with Macquarie securing certain co-development rights, consultation rights and formal rights of first refusal with respect to the future development of the Cape Hardy port precinct, including an integrated port development involving the CEIP and green hydrogen potential.

Iron Road Ltd (Iron Road, ASX: IRD) is pleased to advise that Macquarie Capital (part of **Macquarie Group Limited**, ASX: MQG) has entered into a Joint Development Agreement (JDA) with Iron Road and Eyre Peninsula Co-operative Bulk Handling (EPCBH) – refer Joint Media Release attached. The JDA provides the framework to advance development and financing plans for the proposed \$250 million Cape Hardy Stage I multi-user, multi-commodity port facility.

The joint development parties will now progress establishment of a project vehicle and formally commence the first phase of a comprehensive Development Plan, targeting Financial Close of the Project by Q3 2021, subject to the satisfaction or waiver of certain conditions. The JDA includes defined steps for securing of equity and debt capital for the port development and includes the usual rights of termination, such as material adverse change provisions. Macquarie will also provide financial advisory services to the Project.

As a key priority, the developers will continue their ongoing engagement with growers to progress supply arrangements that will facilitate efficient financing and refine the design and functional requirements of the project to best meet users' needs. These discussions are part of a well-established and continuing grower, customer, and community consultation process. Discussions with other potential third-party users who have already expressed interest in accessing an import/export facility at Cape Hardy will continue in parallel.

To date, there have been several hundred individual and group consultations by Iron Road and EPCBH with various stakeholders, including landowners, local and regional communities, local community groups, Barngarla traditional owners, project specific committees, focus groups, industry & business as well as Local, State and Federal government agencies and representatives.

Other major steps leading up to Financial Close will include finalisation of the Development Plan Consent in addition to concluding detailed marine and landside facility designs and subsequent construction tenders.

Chief Executive Officer, Larry Ingle said *“Iron Road has been working closely with key stakeholders on the Cape Hardy port development since 2012 as part of the wider Central Eyre Iron Project. We are pleased that Macquarie Capital shares our vision of the near-term benefits and future opportunities this vital infrastructure unlocks for Eyre Peninsula communities. A major partnership milestone with Macquarie Capital and EPCBH represents a key step forward in de-risking this important project for South Australia.”*

The joint development parties acknowledge and appreciate the Federal Government's December 2019 \$25 million grant commitment to help make the Cape Hardy Stage I port development a reality. Strong advocacy for the project by Regional Development Australia Eyre Peninsula (**RDAEP**) and Eyre Peninsula Local Government Association (**EPLGA**) has also been invaluable.



Andrew Newman, Division Director, Macquarie Capital, Larry Ingle, CEO, Iron Road and Tim Scholz, CEO, Eyre Peninsula Co-operative Bulk Handling on the headland at the Cape Hardy port site

In parallel with the JDA, Iron Road and Macquarie have entered into a second agreement (**Agreement**) that, subject to satisfaction of the conditions precedent to the JDA and other procedural conditions, will see the issuance of a total 40 million Iron Road warrants with vesting contingent on Financial Close and commercial operations being achieved. An initial 25 million tranche is exercisable from Financial Close with the second 15 million tranche exercisable from the Commercial Operations Date (**COD**). All warrants provide the holder with a right, but not obligation, to acquire ordinary shares in Iron Road and have an exercise price of \$0.075 - equivalent to Iron Road's last rights issue offer price - and will expire 24 months post COD (**Warrants**). The issue of Warrants will be made under Iron Road's 15% placement capacity under Listing Rule 7.1 and is subject to ASX approval of the Warrant terms. Iron Road has also agreed to grant Macquarie the right to participate in up to 20% of any share placement conducted by Iron Road for a period up to 12 months commencing in the lead up to Financial Close.

As part of the Agreement, Macquarie is granted certain co-development rights, consultation rights and formal rights of first refusal with Iron Road in respect of the future development of the Cape Hardy port precinct, beyond the Project.

These rights do not prohibit any shareholder in Iron Road or Iron Road itself from approaching or entering into an arrangement with a third party regarding the sale, acquisition, or issuance of ordinary shares in Iron Road.

- ENDS -

Authorised for release by the board of Iron Road Ltd

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About Macquarie Capital (Macquarie)



Macquarie Capital combines specialist expertise, innovative advice and flexible capital solutions to help their clients and partners make opportunity reality. Their global corporate M&A and advisory capabilities are underpinned by deep specialist expertise across a range of sectors, and a full spectrum of capital solutions, from debt, equity, and private capital raising and financing. They invest their own capital to enable new opportunities through the development and construction of infrastructure and energy projects, and in relation to renewable energy projects, the supply of green energy solutions to corporate clients.

About Eyre Peninsula Co-operative Bulk Handling Limited (EPCBH)



Formed in August 2017 by a group of prominent Eyre Peninsula farmers, EPCBH pursues opportunities to improve competitiveness for grain growers. EPCBH aims to enhance returns to growers and farm businesses using a collaborative approach. During the past 10 years EP farmers have grown an average of 2.5 million tonnes of grain each year, with over 90% of that grain exported. The strong penetration by others, such as the Ukraine and Russia, into Australia's traditional export markets in Southeast Asia, demands that storage and handling chains be globally competitive. The 'farm to customer' cost structure on the Eyre Peninsula is relatively high and our partnership with Iron Road signals our intention to address this. EPCBH aims to, over time, achieve a broad base of support from the Eyre Peninsula farming community.

About Iron Road Ltd (IRD)



Iron Road Ltd is the 100% owner of the Central Eyre Iron Project, an advanced, long-life iron ore mining, beneficiation and infrastructure development on the Eyre Peninsula, South Australia. High quality iron concentrate product from the project has demonstrated it can assist steel mill customers lift productivity and better manage tightening environmental standards. The planned export facility at Cape Hardy is designed to be South Australia's first Capesize capable port and will be developed over a number of stages. The Stage I port development is predominantly for grain export, with third party access for the import and export of various other commodities. Infrastructure Australia has identified the potential for Cape Hardy to ultimately integrate to the Australian National Rail Network which would provide the basis for a world class multi-user bulk shipment port that can service central and southern regional Australia. Further long-term opportunities for Cape Hardy revolve around its proximity to large-scale renewable energy resources and potential for green hydrogen development.



FOR IMMEDIATE RELEASE

THURSDAY 24 SEPTEMBER 2020

MACQUARIE CAPITAL JOINS \$250 MILLION CAPE HARDY STAGE I PORT DEVELOPMENT

A \$250 million multi-commodity and multi-user deep-water port proposed at Cape Hardy on the Eyre Peninsula has taken another important step with Macquarie Capital signing a joint development agreement with Iron Road (ASX: IRD) and Eyre Peninsula Co-operative Bulk Handling Limited (EPCBH) in relation to the Cape Hardy Stage 1 port project (“Project”).

The Cape Hardy development will be a transformational project for the Eyre Peninsula, unlocking a quarter of a billion dollars in investment and providing much-needed infrastructure for the area’s grain growers and other commodity producers while also delivering economic development and diversification opportunities for the Eyre Peninsula and South Australia.

The port is also a project that can grow with the long-term future needs of a broad range of producers - including grain growers - and the Peninsula. The proposed site has 1,100 hectares of land available for other industries including a range of minerals and agricultural exports, imports of key inputs to mining and agriculture sectors and use as a potential hydrogen export hub.

The Project is capable of expansion to cater for direct loading of Capesize vessels, making it a key enabler of the proposed \$2.4 billion Central Eyre Iron Project as well as a number of resource projects on the Eyre Peninsula that currently lack an efficient export path to global markets. This will be of national significance as the only such Capesize-capable facility between Esperance and Port Kembla.

Key Project facts:

- 900 metre jetty, wharf and landholding of 1,100 hectares at Cape Hardy, approximately 7km south of Port Neill on the Eyre Peninsula
- Up to 1.5 million tonnes per annum in grain exports would be freight advantaged, delivering significant transport savings for growers
- Independent modelling indicates the Project will generate more than 400 direct and indirect jobs during construction
- Will remove significant road train traffic from the main streets of Port Lincoln, the Tod Highway and Lincoln Highway (a majority of grain is currently trucked to Port Lincoln)
- Able to be expanded to accommodate Capesize vessels (under Stage 2), further enhancing export abilities for the Eyre Peninsula and South Australia
- Growers will (via EPCBH) be significant shareholders in the facility

Through an extensive consultation and engagement process, Cape Hardy has achieved overwhelming community support as the preferred option for a multi-commodity, multi-user deep-water port on the Eyre Peninsula.

The Project has received a Federal Government funding commitment of \$25 million and is the only South Australian project currently listed on Infrastructure Australia’s Priority List.



It also has the support of the Eyre Peninsula Local Government Association representing 11 local councils, is approved under the Federal Environment Protection and Biodiversity Act and has a Registered Indigenous Land Use Agreement (ILUA) with the Barnjarla Aboriginal Corporation.

Financial close for the Project is planned for Q3 2021 which will enable construction of Cape Hardy Stage 1 to commence ahead of operations starting in early 2023.

Attributable quotes:

Tim Scholz, Chief Executive Officer of Eyre Peninsula Co-operative Bulk Handling Limited:

“The Cape Hardy development will deliver direct benefits to farmers through creating much-needed supply chain competition and transport cost savings to the Eyre Peninsula grain industry.

Importantly, the joint development agreement has a clear objective that farmers will be significant shareholders in the facility in what will be first opportunity for Eyre Peninsula grain growers to have an equity stake in infrastructure since the 2008 deregulation of Australia’s wheat trade.

We are delighted that an Australian institution with the investment capability of Macquarie Capital is putting its weight behind Cape Hardy.”

Larry Ingle, Chief Executive Officer of Iron Road:

“Iron Road has been working closely with key stakeholders on the Cape Hardy port development since 2012 as part of the wider Central Eyre Iron Project.

We are pleased that Macquarie Capital shares our vision of the near-term benefits and future opportunities this vital infrastructure unlocks for Eyre Peninsula communities.

A major partnership milestone with Macquarie Capital and EPCBH represents a key step forward in de-risking this important project for South Australia.”

Andrew Newman, Division Director, Macquarie Capital:

“Cape Hardy is a project of national economic significance and competitive advantage, with a strong proposition for grain farmers and the potential to unlock significant future economic activity.

A deep-water port would support producers across the State, and Cape Hardy is ideally situated to house a multi-commodity port that could be accessed by agricultural and resources producers alike.

We are pleased to be working with Iron Road and EPCBH on this very important project for the Eyre Peninsula and South Australia.”

Available assets:

- Photography of project partners for editorial use
- Artist’s impression of Cape Hardy port development

Project media:

Michels Warren PR: Phil Martin (0418 817 876) and Myles Wallace (0432 866 094)



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About Macquarie Capital

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