



ASX ANNOUNCEMENT

Iron Road Limited (Iron Road, ASX:IRD)

TRIPARTITE CO-OPERATION AGREEMENT PROPELS CENTRAL EYRE IRON PROJECT FORWARD

Leading construction firm and steel producer join forces with Iron Road to establish credible project development and financing pathway

Highlights

- Historic three party agreement signed between Iron Road Limited, Shandong Iron & Steel Group Co Limited (ShanSteel) and a wholly owned subsidiary of China Railway Group Limited (CREC).
- Signatories have identified an opportunity to co-operate and collaborate to enhance the long-term value of the Central Eyre Iron Project (CEIP) through evaluation of a joint development strategy to advance the Project.
- Builds upon existing agreements with CREC and ShanSteel:
 - Strategic Co-operation Agreement to support a project commercialisation programme for the CEIP, signed yesterday with a subsidiary of CREC, the largest integrated construction group in Asia and the second largest construction contractor globally by revenue.
 - Memorandum of Understanding signed in September 2015 with ShanSteel, China's seventh largest steel producer, covering a technical and commercial evaluation of the iron concentrate to be produced by CEIP.
- The parties will now work together to evaluate both the commercial and technical aspects of the CEIP with the intention of collectively advancing the project towards a Final Investment Decision.
- Iron Road will continue to invite further likeminded firms to support the development of the CEIP.

Iron Road Limited (Iron Road, ASX: IRD) is pleased to announce that following yesterday's Strategic Co-operation Agreement the Company has signed an historic three party agreement between Iron Road, a wholly owned subsidiary of China Railway Group Limited (CREC), the largest integrated construction group in Asia by revenue, and Shandong Iron and Steel (ShanSteel), China's seventh largest steel producer (Tripartite Co-operation Agreement).

Under the Tripartite Co-operation Agreement, Iron Road, CREC and ShanSteel have identified an opportunity to co-operate and collaborate to enhance the long term value of the CEIP through evaluation of a joint strategy to advance the Project. As such, the three parties have agreed to work together to evaluate both the commercial and technical aspects of the CEIP with the intention of collectively advancing the Project towards a Final Investment Decision.



ShanSteel President Mr Tao Deng Kui, Iron Road Chairman Dr Peter Cassidy and China Railway Oriental International Construction Corporation Managing Director Mr Cai Ze Min during the tripartite signing ceremony held earlier today in Jinan, China.

Iron Road Managing Director, Mr Andrew Stocks, said the tripartite agreement was a major step for the Central Eyre Iron Project, as Iron Road continued to attract aligned organisations to develop the project.

“We now have on board, as part of the consortium, one of the world’s largest construction and engineering firms in the China Rail Group alongside a significant steel producer in ShanSteel,” Mr Stocks said.

“Together we will now work expeditiously to optimise the economics and development pathway for the CEIP. The CEIP offers a well-conceived development opportunity for consortium partners to realise a long life operation, producing a high grade, low pollution, value adding feedstock for use in China’s leading steel mills.

“Furthermore, the CEIP is expected to act as a catalyst for broader economic expansion in the agricultural, natural resources and industrial sectors across the Eyre Peninsula region in South Australia and all of the parties are supportive of this outcome. China Rail Group in particular has identified an opportunity to partner with selected businesses and the South Australian Government in the development of new infrastructure and the construction of related production facilities.

“We will also continue to invite further members to the CEIP consortium, adding organisations with interests in mining and mineral processing, electricity supply, port export logistics and related activities. Emerald Grain, a subsidiary of Sumitomo Corporation, has been nominated as the grain handling partner utilising CEIP infrastructure.

“This agreement demonstrates the enthusiasm for the establishment of domestic mining and infrastructure business opportunities and recognises the quality of Iron Road’s development work achieved across all aspects of the project to date. In support of the infrastructure business, Iron Road plans to call for expressions of interest later this year for third parties interested in accessing the proposed facilities once operational.” Mr Stocks said.

The signing ceremony was held in the Shandong Provincial capital of Jinan as part of the South Australian Government's Trade Mission to celebrate the 30th Anniversary of the Shandong-South Australia Sister State Relationship. Present at the ceremony were senior representatives of the Tripartite Co-operation Agreement member companies together with witnesses Kym Winter-Dewhirst, Hon Martin Hamilton-Smith Minister for Investment & Trade, Hon Jay Weatherill Premier of South Australia, Mr Xia Geng Vice Governor Shandong Province and other senior Shandong Provincial Government representatives.

The CEIP is a credible long life project as demonstrated through the investment of over \$120 million so far over eight years, with a Definitive Feasibility Study and follow-on value engineering and optimisation work now complete. A high grade, low impurity iron concentrate will be produced for export to Asia, attracting a quality premium over reference iron ore prices. Substantial benefits for steel mill customers in pollution reduction and operating efficiencies have been validated through bulk CEIP sample tonnage preparation and testing. The shared export infrastructure is expected to be a strong catalyst for further development in the Eyre Peninsula and wider regions of South Australia.

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About China Railway Group

China Railway Group Limited (CREC) is Asia's largest integrated construction group and the second largest construction contractor globally, integrating survey and design, construction and installation, industrial manufacturing, real estate development, resources and mineral products, financial investment and other services. In 2015, CREC ranked 71 amongst the Fortune Global 500 largest companies and 11 among Top 500 Chinese Enterprises with annual sales of over US\$85 billion. CREC has over 280,000 employees and has constructed many high-quality projects throughout Asia, Africa, Europe, South America and Oceania.

CREC has participated in the construction of over 1000 successive railways and has assumed the primary role of new construction, reconstruction and extension of over two thirds of the total mileage of Chinese railways.



About Shandong Iron and Steel Group

Shandong Iron and Steel Group Co Ltd (ShanSteel) is a Chinese steel company based in Jinan, China. ShanSteel was formed in March 2008 through the restructuring of Jinan Iron and Steel Group Co, Laiwu Steel Group Corp and Shandong Metallurgical Industry Corp by the provincial government of Shandong. In 2009 Shandong Steel acquired a 67% stake in Rizhao Iron and Steel. During 2014, ShanSteel produced 23.3 million tonnes of steel, 23.4 millions of tonnes of iron ore, and 22.6 millions of tonnes of steel products making it the seventh largest producer of steel in China.



About Iron Road Limited

Iron Road Limited is the developer of the Central Eyre Iron Project (CEIP), located on the Eyre Peninsula in South Australia which is now at the final stage of planning and pre-construction activities, moving to a Final Investment Decision (FID). This final stage follows eight years of development work, including a Definitive Feasibility Study and over A\$120 million of investment in the project to date.

The CEIP is a long life proposal, which will produce a high grade, low impurity iron concentrate for export to Asia for an initial mine life of over 25 years. The product will attract a quality premium over reference iron ore prices, and is expected to have substantial benefits for steel mill customers in pollution reduction and operating costs. CEIP is expected to produce over 20 million tonnes per annum of this high grade concentrate. Design capacity represents the equivalent of around 3% of Australia's total iron ore exports in 2015, reflecting the project's high grade, premium niche.

Iron Road has now partnered with a wholly owned subsidiary of China Railway Group Limited (CREC), one of the world's largest construction engineering contractors and the 11th largest Chinese Enterprise by revenue, to take the CEIP through a final Project Commercialisation Program through 2016/17. CREC, through its most active overseas subsidiary, anticipates making a direct investment of up to 15% of the total equity for the Project in its own right, pending a positive Final Investment Decision.

Iron Road is building a consortium of aligned organisations with interests in iron ore offtake, mining and mineral processing, electricity supply, rail, port export logistics and related activities. Emerald Grain, a subsidiary of Sumitomo, has been nominated as the grain handling partner utilising CEIP infrastructure.

