



17 June 2016

[Name]  
[Address]

Dear Shareholder

## **Iron Road Limited Entitlement Offer - Notice to shareholders**

On 16 June 2016, Iron Road Limited (**Iron Road**) announced:

- a 1 for 9 non-renounceable pro-rata entitlement offer of fully paid ordinary shares in Iron Road (**New Shares**) at an offer price of \$0.10 per New Share (**Offer Price**) (**Entitlement Offer**);
- the issue of 10,518,000 New Shares to certain institutional shareholders through institutional placements (**Institutional Placements**); and
- subject to shareholder approval, the issue of 37,482,000 New Shares to Sentient Executive GP IV, Limited as general partner of Sentient GP IV, L.P., which in turn acts as the general partner of Sentient Global Resources Fund IV, L.P. (**Sentient Fund IV**) through an institutional placement (**Sentient Placement**).

The Entitlement Offer will not be underwritten.

### **1 Purpose of the Entitlement Offer**

The proceeds of the Entitlement Offer will be used to:

- (a) conduct environmental and engineering work programs required to obtain governmental approvals for the Central Eyre Iron Project (CEIP) and continue other stakeholder engagement activities;
- (b) continue necessary iron ore marketing and due diligence related activities (including bulk product preparation for steel mill testing) to progress memoranda of understanding with potential off-take customers, ongoing negotiations with engineering and construction companies and other project funding partner candidates;
- (c) repay the short term debt finance that was disclosed to the ASX on 19 November 2015 and 2 May 2016; and
- (d) meet other working capital requirements of Iron Road.

### **2 Details of the Institutional Placements**

The Institutional Placements involve the placement of 10,518,000 New Shares to certain institutional shareholders. The offer price under the Institutional Placements is the same as the Offer Price under the Entitlement Offer. Iron Road will raise approximately \$1.05 million

(before costs) under the Institutional Placements. Settlement of the placements is expected to occur on Thursday, 23 June 2016 and New Shares issued are expected to commence trading on Friday, 24 June 2016.

The Institutional Placements are being made in accordance with section 708A of the Corporations Act 2001 (Cth) (**Corporations Act**) (as modified by ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (**Disclosure Instrument**)) and no prospectus will be prepared.

### **3 Details of the Sentient Placement**

Sentient Fund IV is a related party of Iron Road and accordingly Iron Road requires approval under the ASX Listing Rules from its shareholders before conducting the Sentient Placement. On Thursday, 16 June 2016, Iron Road released a Notice of Extraordinary General Meeting to convene a meeting of Iron Road Shareholders on Monday, 25 July 2016 to consider the Sentient Placement.

The Sentient Placement involves the placement of 37,482,000 New Shares to Sentient Fund IV. The offer price under the Sentient Placement is the same as the Offer Price under the Entitlement Offer.

If the Sentient Placement is approved at the meeting, Iron Road will raise approximately \$3.75 million (before costs). Settlement of the Sentient Placement is expected to occur on Tuesday, 26 July 2016 and New Shares issued are expected to commence trading on Wednesday, 27 July 2016.

The Sentient Placement is being made in accordance with section 708A of the Corporations Act (as modified by the Disclosure Instrument) and no prospectus will be prepared.

### **4 Details of the Entitlement Offer**

The Entitlement Offer will be available to eligible Iron Road shareholders on Iron Road's share register as at 7pm (AEST) Tuesday, 21 June 2016 (**Record Date**). The Entitlement Offer and applications to participate in the shortfall facility close at 5pm (AEST) on Monday, 4 July 2016.

If the Entitlement Offer is fully subscribed, following completion of the Entitlement Offer, Iron Road will have issued 64,659,656 New Shares under the Entitlement Offer, resulting in a total of 657,114,560 Iron Road shares on issue plus the options to subscribe for unissued shares (including New Shares issued under the Institutional Placements but excluding any New Shares that may be issued under the Sentient Placement).

If the Entitlement Offer is fully subscribed, following completion of the Entitlement Offer, the Institutional Placement and the Sentient Placement (assuming that the Sentient Placement is approved by Iron Road's shareholders) Iron Road will have issued 112,659,656 New Shares, resulting in a total of 694,596,560 Iron Road shares on issue.

The New Shares will rank equally with all other fully paid ordinary shares of Iron Road including in respect of dividends, from the date of allotment. Iron Road has applied for quotation of all of the New Shares on ASX.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their entitlements in full will not receive any value in respect of those entitlements and their percentage shareholding in Iron Road will be reduced following the issue of all New Shares under the Entitlement Offer.

## 5 Shortfall facility

There will also be a shortfall facility under which eligible shareholders, other than a related party (as defined in the ASX Listing Rules) of Iron Road, may subscribe for additional New Shares up to 50% of each shareholders entitlement if they wish to do so, subject to compliance with the ASX Listing Rules, the Corporations Act and any other applicable laws.

## 6 Eligible Shareholders

Eligible Shareholders are those holders of Iron Road shares who:

- (a) are registered as a holder of Iron Road shares as at 7pm (AEST) on the Record Date; and
- (b) have a registered address in Australia or New Zealand or in any other jurisdiction that Iron Road has determined (in its absolute discretion) is eligible to participate in the Entitlement Offer. Based on Iron Road's understanding of the locations of its shareholders as at the date before the date of announcement of the Entitlement Offer, Iron Road expects that all shareholders will be eligible to participate.

## 7 Proposed timetable

The following are key dates relating to the Entitlement Offer that you need to be aware of:

Announcement of the Entitlement Offer	Thursday, 16 June 2016
Institutional Placements are conducted	Thursday, 16 June 2016
Ex-date	Monday, 20 June 2016
<b>Record Date (7pm AEST)</b>	<b>Tuesday, 21 June 2016</b>
<b>Dispatch of Notice of EGM, Offer booklet and Entitlement and Acceptance Forms</b>	<b>Thursday, 23 June 2016</b>
<b>Entitlement Offer opens</b>	
Settlement of New Shares issued under the Institutional Placements occurs	Thursday, 23 June 2016
Trading of New Shares issued under Institutional Placements is expected to commence on the ASX	Friday, 24 June 2016
<b>Entitlement Offer closes (5pm AEST)</b>	<b>Monday, 4 July 2016</b>
Deferred settlement trading on ASX commences	Tuesday, 5 July 2016
Iron Road notifies ASX of under subscriptions	Thursday, 7 July 2016
Issue of New Shares under Entitlement Offer and Shortfall	Monday, 11 July 2016
Deferred settlement trading ends	
Entitlement Offer and Shortfall Facility New Shares commence normal settlement trading on ASX	Tuesday, 12 July 2016
Extraordinary General Meeting to obtain shareholder approval for New Shares under the Sentient Placement	Monday 25 July 2016
If shareholder approval is obtained, settlement of New Shares issued under the Sentient Placement	Tuesday, 26 July 2016

occurs

If shareholder approval is obtained, trading of New Shares issued under the Sentient Placement is expected to commence on ASX Wednesday, 27 July 2016

*\*This timetable is indicative only. The Directors of Iron Road reserve their right to extend the closing date for the Entitlement Offer at their discretion, subject to the ASX Listing Rules. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares. Cooling off rights do not apply to an investment in New Shares and you cannot, in most circumstances, withdraw your application once it has been accepted.*

## 8 Entitlement Offer booklet

The Entitlement Offer is being made in accordance with section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73), meaning that no prospectus needs to be prepared.

Iron Road proposes to send an offer booklet regarding the Entitlement Offer and personalised Entitlement and Acceptance Form to Eligible Shareholders on or before Thursday, 23 June 2016.

**A copy of the offer booklet has been lodged with ASX and is available on [www.asx.com.au](http://www.asx.com.au) and on Iron Road's website ([www.ironroadlimited.com.au](http://www.ironroadlimited.com.au)).**

You should consider the booklet in deciding whether to participate in the Entitlement Offer. Anyone who wants to participate in the Entitlement Offer will need to complete the Entitlement and Acceptance Form.

On behalf of the Board of Iron Road, I thank you for your continued support.

Yours faithfully



**Mr Leonard Math**  
Company Secretary

### **For further information, please contact:**

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