

## Firm hits the road to exploit iron ore price spike



**Company Name: Iron Road Ltd**  
**Security code: IRD**  
**Issue price: 20c per ordinary share**  
**Shares to be issued: 25 million**  
**Capital to be raised: \$5 million**  
**Expected offer close date: June 10**  
**Recommendation: None**

NEGOTIATIONS may still be ongoing between Chinese steel mills for iron ore from BHP and Rio Tinto but it is no secret that the contract prices will be higher compared with last year.

In February, Chinese and Japanese steel makers agreed with Vale of Brazil to an increase of 65 per cent in iron ore prices. One company looking to swoop in on the current high prices in the ore is Iron Road Ltd (IRD).

Wise-owl.com analyst Imran Valibhoy says: "IRD aims to explore for iron ore with the ultimate goal of finding and developing deposits to feed the rapidly expanding direct reduction iron and concentrate markets of Asia, Europe and the Middle East." Recently, IRD signed an agreement to acquire the Warramboe Iron Project comprising three deposits in South Australia.

"This region already possesses good-quality infrastructure, including port, rail, power and water.

"Warramboe is also known for its superior mineral qualities and high-grade concentrate potential with low impurities," Valibhoy says.

Metallurgical test work has produced encouraging results, albeit at an early stage.

Analysis of concentrates from Davis Tube tests returned an average iron grade of 70.4 per cent, promising results.

"This should allow the concentrate to be used in the production of feedstock for direct reduced iron

plants as well as blast furnace feed," Valibhoy says.

"Another important point to note is that elements potentially detrimental in the iron and steel-making process were found to be at low levels in the test concentrates."

In Western Australia, the Windarling Peak Project consists of three granted exploration licences and four prospecting licence applications.

"Just like the South Australian project, the region also has excellent infrastructure in place, with rail to the port of Esperance," Valibhoy says.

At this early stage, IRD already has key backing from a private equity group based in the Cayman Islands. The Sentient Group manages over \$US500 million (\$528 million) of assets and invests in metal, mineral and energy assets across the globe.

"The Sentient Group will hold a 19.9 per cent stake in IRD when listed. To have such a backing from a well-respected industry player shows the belief Sentient has in IRD," Valibhoy says.

