2019 ANNUAL REPORT

FOR THE YEAR ENDED
30 JUNE 2019

ABN 51 128 698 108

IRON ROAD

CORPORATE DIRECTORY

Directors

Peter Cassidy
Chairman

Andrew Stocks
Managing Director

Jerry Ellis AO
Non-Executive Director

Ian Hume
Non-Executive Director

Glen Chipman
Non-Executive Director

General Manager
Larry Ingle

Company Secretary
Jaroslaw (Jarek) Kopias

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Telephone 08 8218 7000

Corporate Governance Statement
http://www.ironroadlimited.com.au/about-us/corporate-governance

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ABN 51 128 698 108

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On behalf of the Board of Iron Road Limited, it is with pleasure I present to you the Annual Report for the year ended 30 June 2019.

MESSAGE FROM THE CHAIRMAN

During the year, following constructive feedback from potential investors, the Company assessed the viability of a smaller start-up option for the Central Eyre Iron Project (CEIP). The reassessment resulted in significantly reduced mine capital requirements, less reliance on electrical power and lowered the development risk profile, without forgoing iron concentrate quality or project optionality. Despite the delivery model resulting in higher infrastructure operating costs, competitive margins are maintained, driven by a lower mine strip ratio and robust market demand for premium iron ore products.

The Company's efforts are focused upon attracting investors at both the project and company levels. The less capital intensive and lower risk CEIP delivery model, is expected to drive wider investment interest and value recognition that better reflects an approved, well understood, coarse-grained magnetite development. An eminently more fundable project is also better positioned to capitalise as market confidence builds off an improved longer-term iron ore pricing outlook.

The tragic dam failures in Brazil and continued strong demand for iron ore supply have resulted in significant short-term iron ore price volatility with higher average prices contributing to lower steel margins. Larger greenfield projects, with higher capital requirements, are still experiencing financing challenges however, as the majors pursue brownfields replacement tonnage. Nevertheless, improved underlying fundamentals are now more favourably balanced to advanced development projects such as the CEIP.

In parallel to the CEIP development strategy and investment attraction activities, Iron Road is building the case for the Cape Hardy port to be established ahead of mining and beneficiation operations. We have well established relationships with grain growers in the region and are working with Eyre Peninsula Cooperative Bulk Handling (EPCBH) to justify a grain terminal and export facilities. Most recently we entered into an early stage agreement with The Hydrogen Utility™, an Australian hydrogen infrastructure developer and renewable energy integrator, to incorporate a green manufacturing precinct into the Cape Hardy planning.

While development of the port facilities ahead of mining operations will likely require government assistance, this work does highlight the clear strategic value of the proposed Cape Hardy port to CEIP investors.

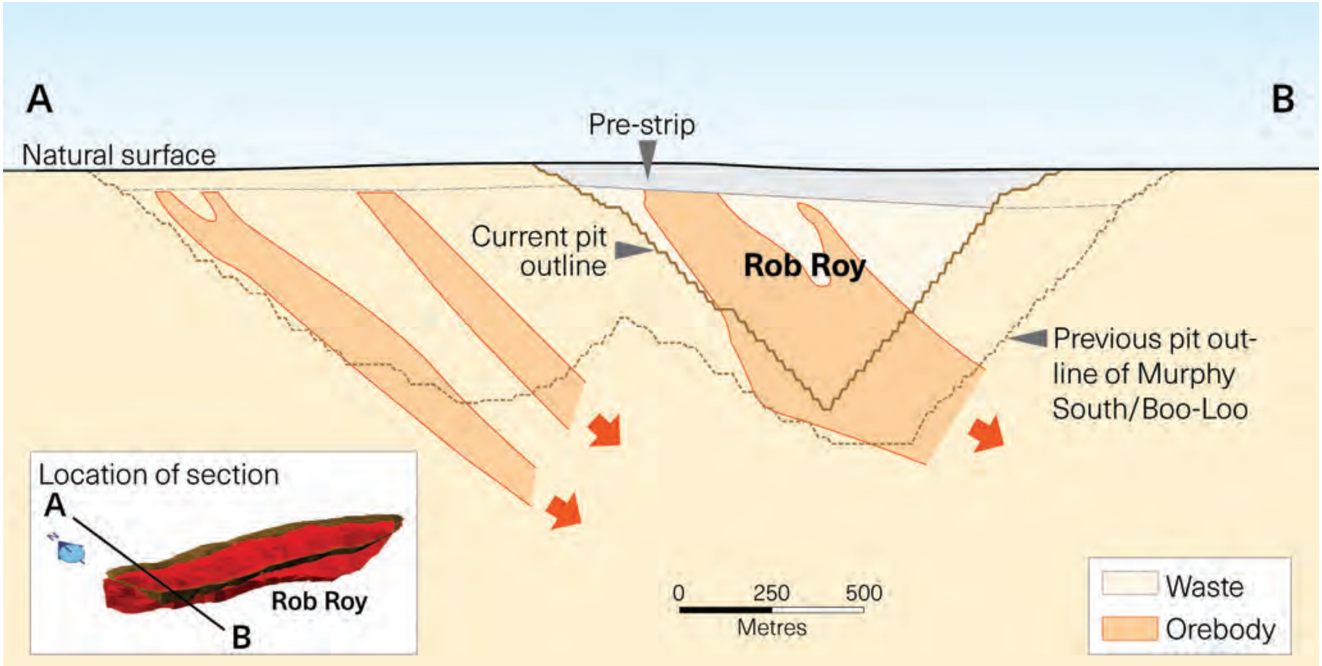
I would like to take this opportunity to thank my fellow directors and our staff for their significant contributions to Iron Road, with special thanks to director Leigh Hall who stepped down from the Board after seven years of service. I also thank you, my fellow shareholders, for your continued support during this period of CEIP investment attraction activity.

Peter Cassidy

Chairman

OPERATIONS REPORT

Central Eyre Iron Project (CEIP, IRD 100%)



Schematic cross-section looking east showing the new (Rob Roy) 12Mtpa production mining option with new and previous pit outlines

The CEIP is situated on the Eyre Peninsula, South Australia. The proposed mine at Warramboo is located approximately 30 kilometres southeast of the regional centre of Wudinna and the proposed port is seven kilometres south of Port Neill at Cape Hardy. The mine and port are planned to be linked by an infrastructure corridor with either rail or road haulage for concentrate transport and includes a powerline and water pipeline.

The CEIP will produce a high quality, low impurity iron concentrate that will serve as a clean, superior blending product for steel mill customers. Production ranging from 12 to 24Mtpa[1] of 67% iron concentrate is planned over an initial mine life of 22 to 30 years depending upon the start-up and operating strategy selected. With a competitive projected operating margin, CEIP iron concentrate is well positioned to displace lower quality iron ores, particularly as customers' preferences move to high quality, low impurity steel making feedstocks.

Iron Road continues to work towards development of a new credible and cost competitive iron concentrate export and infrastructure business, unlocking significant benefits well beyond the life of the mining and ore processing operations. The proposed deep water port at Cape Hardy, capable of handling Panamax and Cape class bulk cargo vessels, will be a first for South Australia and a radical improvement on the State's existing infrastructure base.

Iron Road is actively pursuing a staged strategy option that envisages the construction and commissioning of a globally competitive grain terminal in the near-term and a green manufacturing precinct at Cape Hardy in the longer term.

At the 2018 Annual General meeting (AGM), Iron Road announced that the Company had initiated a new investor strategy that includes a less capital intensive project start up approach. Key to this strategy is the staging of both CEIP infrastructure and mining where practicable. The former incorporates an early port development with the latter (smaller mining) option positively impacting all associated project components, allowing opportunity for optionality and cost savings.

Iron Road conducted an assessment of a staged and scalable mining development option with a view to further reduce CEIP capital requirements. The review, assisted by leading open pit mining experts, included the restructure of the mine plan to deliver a lower development capital requirement and reduced reliance on electrical power without compromising future mine expansion options or iron ore inventories. A reduced mine production target allows for a smaller open pit with a significantly lower pre-strip requirement and strip ratio over the life of mine.

[1] The 24Mt production target referenced in this announcement was released on 13 October 2015 as "Optimisation Studies Complete at CEIP" and updated on 20 April 2016 as "Continuing Cost Reductions at Central Eyre Iron Project" and 3 July 2017 as "CEIP Capital Cost Estimate Reduction". The 12Mt production target was released on 29 January 2019 as "Investor Strategy Drives New Mine Plan" and on 25 February 2019 as "Revised CEIP Development Strategy". The Company confirms that all material assumptions underpinning the production target and the forecast financial information derived from the production target continue to apply and have not materially changed.

OPERATIONS REPORT

Central Eyre Iron Project (CEIP, IRD 100%)

Outcomes and opportunities from the mine review and its implications on a project scale were released to the market in January 2019 and February 2019. Notably, capital costs reduced significantly, with improved optionality and a lower development risk profile. Despite the delivery model resulting in higher infrastructure operating costs, competitive industry margins are maintained, driven by a lower strip ratio and robust market demand for premium iron ore products.

Key aspects of the new CEIP delivery model include:

- Annual iron concentrate production target reduced from 24Mtpa to 12Mtpa (dry) at a grade of 66.7% iron, over initial 22 year ore production mine life;
- Total project capital requirements reduced to US$1.74 billion (12Mtpa dry production target, including pre-strip), down from US$4.00 billion (24Mtpa dry production target, including pre-strip);
- Life of mine Free On Board (FOB) total operating costs of US$44.50/wmt (ex-state royalty);
- Major reduction in reliance on electricity with mean project power demand decreased to 212MW and energy consumption reduced by 66%;
- Heavy haulage rail replaced by high capacity dual-powered road trains (DPRTs) operating on a private haul road;
- Deep water port delivery model at Cape Hardy adapted to Build, Own, Operate (BOO) with take or pay provision that incorporates a commensurate rate of return including development risk;
- Waste rock and tailings management methodology retained, maintaining no requirement for conventional tailings storage.

The comprehensive reassessment of the mine plan and development strategy not only resulted in a further reduction in capital costs, but improved optionality and lowered the development risk profile. *Refer to ASX announcement "Revised CEIP Development Strategy", dated 25 February 2019, for more detail.*

A snapshot summary table for the revised CEIP development strategy is given below.

Iron Road has renewed efforts to attract investors in the current strengthening iron ore market, both at the project and company level. The revised strategy and associated economic metrics, together with a strong iron ore market backdrop, has driven investment interest that better reflects an approved, well understood, coarse-grained magnetite development.

New CEIP Delivery Model - Key Metrics

Operating Parameters	
Concentrate production (dry)	12Mtpa
Concentrate grade	66.7% Fe
Life of Mine	22 years
Life of Mine concentrate (dry)	250Mt
Strip ratio	0.97:1
Mean power demand	212MW

Financial Metrics	
Capital Cost	US$1.74 billion
Capital intensity	US$134/wmt
FOB operating cost	US$44.50/wmt[1]

IRR at Financial Close[2]

High Grade 65% iron Index Price (US$/dmt)		80	90	100	110
AUD/USD	0.650	**21.0%**	30.9%	39.1%	46.5%
	0.717	**14.1%**	**25.0%**	**33.5%**	40.8%
	0.750	10.3%	**22.1%**	**30.8%**	**38.2%**

[1] ex state royalty, [2] geared, post-tax IRR at financial close, tax rate of 30%

OPERATIONS REPORT

Central Eyre Iron Project (CEIP, IRD 100%)

The Cape Hardy port precinct comprises 1100Ha gulf front land wholly owned by Iron Road Limited

The Australian Energy Regulator (AER) approved an upgrade proposal by transmission specialist, ElectraNet, which includes replacing the existing single-circuit 132kV line with a new double-circuit 132kV transmission line on the east coast of the Eyre Peninsula

Eyre Peninsula Power Upgrade

The Australian Energy Regulator (AER) approved a $240 million upgrade proposal by transmission specialist, ElectraNet, which includes replacing the existing single-circuit 132kV line constructed in 1967 with a new double-circuit 132kV transmission line on the east coast of the Eyre Peninsula. The design incorporates the ability to upgrade the Cultana to Yadnarie section to 275kV at a later date, through an upgrade of the Yadnarie West substation, to accommodate the electrical power supply needs of the CEIP.

Electrical power requirements for the CEIP coincide with the commencement of overburden mining operations, transitioning to grid power as site construction progresses. Significant electrical power demand largely follows the ore processing facility ramp-up, over a two year period, prior to ultimately reaching steady state demand of 212MW.

Port First Strategy

Third party access is an integral feature of the CEIP infrastructure design philosophy, particularly the port and associated industrial precinct at Cape Hardy. The strategy contemplates the staged construction and commissioning of a globally competitive grain terminal and export facility together with a green manufacturing precinct, improving the short and long-term resilience of the Eyre Peninsula.

Iron Road continued to work with Eyre Peninsula Cooperative Bulk Handling (EPCBH) and several other parties that have expressed an interest in utilising the port precinct, planned to be linked to a light industrial park situated at nearby Tumby Bay. EPCBH commenced with community information sessions relating to proposed grain exports from Cape Hardy, at both Tumby Bay and Port Neill, and explored various options with the District Council of Tumby Bay. Briefings were also given to various other stakeholders and the media.

The design and costs for a grain export jetty and wharf have been independently assessed by a leader in port construction using Actual Outturn Costs (AOC) achieved on a recent comparative Australian port development. The assessment indicated that current costings are within the accepted risk contingency envelope, with an opportunity for lower costs due to a heavier structure in the comparative data than would be required at Cape Hardy.

During July 2019 Iron Road announced that it had signed a Heads of Agreement and Project Development Accord with The Hydrogen Utility™ (H2U), an Australian hydrogen infrastructure developer and renewable energy integrator. Iron Road and H2U are working collectively to develop a green manufacturing precinct at Cape Hardy. With support under the South Australian Government's Renewable Technology Fund, H2U expects to commence site development of a distributed electrolysis and ammonia production demonstration facility early next year at nearby Port Lincoln.

OPERATIONS REPORT

Central Eyre Iron Project (CEIP, IRD 100%)

Stage 1 – *Cape Hardy port precinct comprises Panamax berth and associated infrastructure for grain and other goods*

Stage 2 – *Cape Hardy port precinct comprises Panamax and Capesize berths and associated infrastructure for bulk commodity minerals, grain and other goods*

Cape Hardy was identified by H2U as the preferred location for the development of a much larger, commercial scale, green hydrogen production and export hub. In addition to technical investigations to be undertaken by H2U, the new 200 hectare green manufacturing precinct will now be incorporated into the 1,100 hectare Cape Hardy Master Plan. H2U and Iron Road will also jointly develop a commercialisation pathway and engage with synergistic investors.

Following the Project Development Accord with H2U, a meeting was held in Tumby Bay to brief State and Federal politicians on the Cape Hardy port development, including the significant regional development characteristics and the unique cooperation of mining, agriculture, manufacturing and indigenous leaders. The meeting was followed by a tour of the Cape Hardy port precinct and surrounds.

Stakeholder visit to Cape Hardy port precinct – (left to right) Peter Treloar State Member for Flinders, Dan van Holst Pellekaan Minister for Energy and Mining (SA), Bryan Trigg Chair of Regional Development Australia (Whyalla and Eyre Peninsula), Larry Ingle General Manager Iron Road

Community & Stakeholder Engagement

The plan for a staged development at the proposed port at Cape Hardy and the smaller scale mining start-up option have received broad support from stakeholders. Iron Road continues to engage with various regional stakeholders, including Eyre Peninsula Co-operative Bulk Handling (EPCBH), Eyre Peninsula Local Government Association (EPLGA), Regional Development Australia Whyalla and Eyre Peninsula (RDAWEP), Wudinna District Council, District Council of Tumby Bay, local community and community groups, as well as various Ministers, local members and Government agency representatives. Briefings are frequently supplemented by interviews with the local media.

OPERATIONS REPORT

Gawler Iron Project (GIP, IRD 81-90% of the iron rights)

Iron Ore Price Indices

Source: Bloomberg, Mysteel

Iron Ore Market

A second tragic tailings dam failure in Brazil in January 2019, and to a lesser extent, production disappointments in the Pilbara, significantly altered the dynamics of the seaborne iron ore market in a short space of time. The combination of much tighter supply and continued strong demand and steel output in China has resulted in higher average iron ore prices during 2019 and renewed interest in the sector. Conversely, narrowing steel margins has seen previously elevated high and low iron grade price spreads compress sharply. However, many industry analysts expect price premiums and discounts to the benchmark 62% Fe price will gradually widen again in the longer term.

Despite improved incentive pricing signals, larger Greenfield projects with higher capital requirements are still experiencing financing challenges. Industry majors remain largely focused on replacement tonnage projects and in the case of Vale restoring previous output levels over a period of 2-3 years. This indicates that underlying fundamentals are more favourably balanced for sufficiently advanced development projects particularly in the event that global steel demand continues to exceed current market expectations.

Corporate

Engagement with investors and potential project partners on the less capital intensive and lower risk revised CEIP delivery model is progressing. The staged port option at Cape Hardy continues to attract interest and the Company is working toward a master port plan aimed at attracting renewed State and Federal interest and assistance.

On 30 April 2019 Iron Road announced that the maturity of the $5.4 million loan facility from Sentient Global Resources Fund IV, L.P. had been extended to 31 January 2020. The facility has also been expanded to $6.5 million, securing Iron Road's cash requirements into early 2020. The loan bears a zero rate of interest and does not attract any fees.

Gawler Iron Project (GIP, IRD 100% iron ore rights)

The Gawler Iron Project (GIP) is located approximately 25km north of the standard gauge Trans-Australian Railway that connects to the Central Australia Railway at Tarcoola. The GIP hosts mineralisation anticipated to support a small to medium scale magnetite iron ore mining operation with the potential to produce a quality iron concentrate using a simple beneficiation process.

OPERATIONS REPORT

Global mineral resource and ore reserves statement

Table 1: CEIP Ore Reserve Summary 2018 and 2019

Resource Classification	Dry Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)
Proved	2,131	15.55	53.78	12.85
Probable	1,550	14.40	53.58	12.64
Total	**3,681**	**15.07**	**53.70**	**12.76**

The Ore Reserves estimated for CEIP involving mine planning is based on and fairly represents information and supporting documentation compiled by Mr Bob McCarthy, a Member of the Association of Professional Engineers and Geoscientists of British Columbia (Canada) and a full time employee of SRK Consulting (North America). Mr McCarthy has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr McCarthy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The Ore Reserves estimated for the CEIP involving aspects other than mine planning is based on and fairly represents information and supporting documentation compiled by Mr Larry Ingle, a Member of the Australian Institute of Mining and Metallurgy and a full time employee of Iron Road Limited. Mr Ingle has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ingle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. This report includes results that have previously been released under JORC 2012 by the Company on 2 May 2016. The Company is not aware of any new information or data that materially affects the information included in this announcement and all material assumptions and technical parameters underpinning the Ore Reserve continue to apply and have not materially changed.

Table 2: CEIP Global Mineral Resource 2018 and 2019

Location	Classification	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Murphy South/Rob Roy	Measured	2,222	15.69	53.70	12.84	0.08	4.5
	Indicated	474	15.6	53.7	12.8	0.08	4.5
	Inferred	667	16	53	12	0.08	4.3
Boo-Loo/Dolphin	Indicated	796	16.0	53.3	12.2	0.07	0.6
	Inferred	351	17	53	12	0.09	0.7
Total		**4,510**	**16**	**53**	**13**	**0.08**	**3.5**

The Murphy South/Rob Roy Mineral Resource estimate was carried out following the guidelines of the JORC Code (2004) by Iron Road Limited and peer reviewed by Xstract Mining Consultants. The Murphy South - Boo-Loo/Dolphin oxide and transition Resource estimate was carried out following the guidelines of the JORC Code (2004) by Coffey Mining Limited. The Boo-Loo/Dolphin fresh Mineral Resource estimate was carried out following the guidelines of the JORC Code (2012) by Iron Road Limited and peer reviewed by AMC Consultants. This report includes results that have previously been released under JORC 2004 and JORC 2012 by the Company on 30 June 2010, 28 May 2013 and 27 February 2015. The Company is not aware of any new information or data that materially affects the information included in this announcement and all material assumptions and technical parameters underpinning the Mineral Resource continue to apply and have not materially changed.

Table 3: CEIP Indicative Concentrate Specification – 106 micron (P_{80})*

Iron (Fe)	Silica (SiO_2)	Alumina (Al_2O_3)	Phosphorous (P)
66.7%	**3.36%**	**1.90%**	**0.009%**

* The concentrate specifications given here are based on current data from metallurgical test work, bulk samples and simulation modelling designed specifically to emulate the proposed beneficiation plant.

Your directors present their report on the consolidated entity consisting of Iron Road Limited and the entities it controlled at the end of or during the year ended 30 June 2019.

DIRECTORS' REPORT

Throughout this report, the consolidated entity is referred to as the Group.

Directors and Company Secretary

The following persons were directors of Iron Road Limited during the whole of the financial year and up to the date of this report (unless otherwise disclosed):

Peter Cassidy

Andrew Stocks

Jerry Ellis AO

Ian Hume

Glen Chipman

Jaroslaw Kopias – Company Secretary

Leigh Hall AM – resigned as director 23 November 2018

Principal activities

The principal activity of the Group during the year was the exploration and evaluation of the Group's iron ore interests at its principal project, the Central Eyre Iron Project (CEIP) in South Australia.

Dividends

No dividends were paid, declared or recommended during the year ended 30 June 2019.

Corporate governance statement

Iron Road Limited and the Board are committed to achieving and demonstrating high standards of corporate governance. Iron Road's corporate governance statement was approved by the Board on 3 September 2019 and can be viewed at **www.ironroadlimited.com.au/about-us/corporate-governance.**

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations and activities on page 20 of this report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Events since the end of the financial year

No matters or circumstances have arisen since 30 June 2019 that have significantly affected the Group's operations, results or state of affairs.

Likely developments and expected results of operations

Likely developments in the operations of the Group and expected results of these operations in future financial years have been included in the Operating and Financial Review.

Environmental regulation

The Group's operations are subject to environmental regulation in respect to mineral tenements relating to exploration activities on those tenements. No on-ground exploration or other work was undertaken during the financial year and there were no breaches of any environmental requirements. The Group's proposed CEIP Infrastructure is subject to the Environment Protection and Biodiversity Conservation Act 1999 (Cth) as this element of the Project was declared a 'Controlled Action' on the 26 August 2014. The Group has reviewed its energy consumption and greenhouse gas emissions for the reporting year, with both found to be below the reporting threshold as specified within the National Greenhouse and Energy Reporting Act 2007 (Cth) (NGER).

DIRECTORS' REPORT

Peter Cassidy

CHAIRMAN

Dr Cassidy has been an international private capital investor since the 1990s. He holds a degree in geology and a first class honours degree in chemistry from the University of Tasmania and a PhD in coal science from Monash University.

No other directorships of listed companies have been held in the last three years.

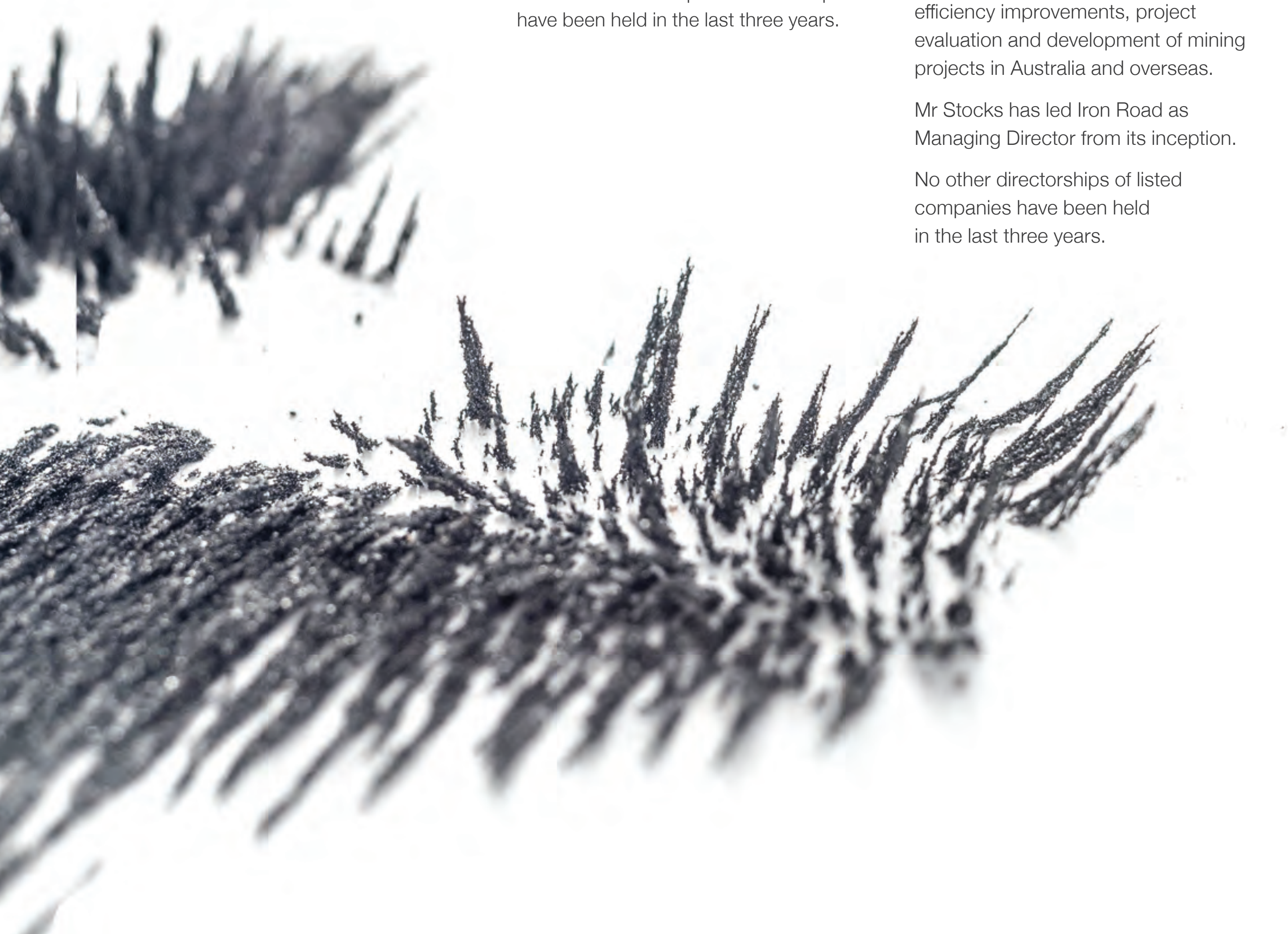
Andrew Stocks

MANAGING DIRECTOR

Mr Stocks is a Mining Engineer with approximately thirty years' experience in the resources sector, primarily in mining development and operations and corporate roles. He has been particularly active in the areas of business optimisation, cost and production efficiency improvements, project evaluation and development of mining projects in Australia and overseas.

Mr Stocks has led Iron Road as Managing Director from its inception.

No other directorships of listed companies have been held in the last three years.



DIRECTORS' REPORT

Jerry Ellis AO

NON-EXECUTIVE DIRECTOR

Mr Ellis has had a long and distinguished career in business, particularly in the resources sector. Mr Ellis' career included three decades at BHP, chairing the company from 1997 to 1999. He also served on the boards of a number of listed companies and governing bodies including Newcrest Mining, Aurora Gold, the International Copper Association, Australia and New Zealand Banking Group, the International Council on Metals and the Environment and the American Mining Congress.

Mr Ellis is the former Chairman of Alzheimers Australia (NSW), former Chancellor of Monash University, former President of the Minerals Council of Australia and former Chairman of the Australia-Japan Foundation and the Australian National Occupational Health and Safety Commission.

In the three years immediately prior to the end of the financial year, Mr Ellis served as a director of MBD Energy Limited.

Ian Hume

NON-EXECUTIVE DIRECTOR

Mr Ian Hume's career in the resources industry stretches back several decades, primarily in the fields of managed fund investments, capital raising and project development. Mr Hume was a Founding Partner of The Sentient Group, a manager of closed end private equity funds specialising in global investments in the natural resource industries.

Prior to the founding of The Sentient Group, Mr Hume was a consultant to AMP's Private Capital Division.

In the three years immediately prior to the end of the financial year, Mr Hume served as a director of the following companies:

» Golden Minerals Company

» Silver City Minerals Limited

» African Energy Resources Limited*

** denotes current directorship*

Glen Chipman

NON-EXECUTIVE DIRECTOR

Mr Chipman is a private equity investment professional at Sentient Equity Partners and represents Iron Road's major shareholder, the Sentient Global Resources Funds. Since 2013 he has been engaged with Iron Road management in the areas of project optimisation, commercial evaluation, business development, capital raising and finance planning activities.

Prior to joining Sentient, Mr Chipman was a sell-side analyst with Bank of America Merrill Lynch and Citi covering global diversified miners as well as mid-tier and smaller capitalised companies in the natural resources sector. He has a chemical engineering background and 20 years of combined industry, commodity and equity capital markets experience.

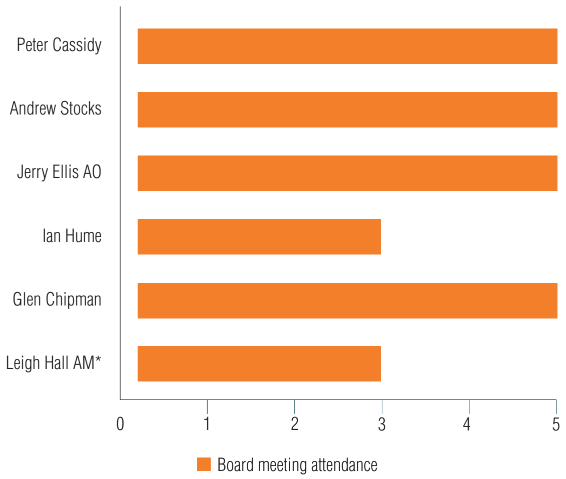
In the three years immediately prior to the end of the financial year, Mr Chipman served as a director of private Brazilian iron ore producer Ferrous Resources Limited. On 1 August 2019, Mr Chipman resigned his directorship from Ferrous following the closing of a US$550 million acquisition by Vale S.A.

DIRECTORS' REPORT

Remuneration report

Meetings of directors

There were five board meetings held during the year ended 30 June 2019 with attendance as follows:



*Mr Hall was entitled to attend and attended 3 meetings.

Remuneration report

The directors present the Iron Road Limited 2019 remuneration report, outlining key aspects of the remuneration policy and framework and the remuneration awarded during the year.

The report is structured as follows:

a) Key management personnel (KMP) covered in this report

b) Remuneration policy and link to performance

c) Elements of remuneration

d) Remuneration expenses for executive KMP

e) Contractual arrangements for executive KMP

f) Non-executive director arrangements

g) Additional statutory information

a) Key management personnel covered in this report

Executive and Non-executive directors:

Peter Cassidy – Chairman

Andrew Stocks – Managing director

Jerry Ellis AO – Non-executive director

Ian Hume – Non-executive director

Glen Chipman – Non-executive director

Leigh Hall AM – Non-executive director (resigned 23 November 2018))

Other key management personnel:

Larry Ingle – General Manager

b) Remuneration policy and link to performance

The remuneration policy of Iron Road Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas. The Board of Iron Road Limited believes the remuneration policy is appropriate and effective in its ability to attract and retain high calibre executives and directors to manage the Group.

The remuneration policy, detailing the terms and conditions for the executive director and other senior executives, was developed by the Board. All executives receive a base salary (which is determined by factors such as skills and relevant experience) and superannuation. The Board reviews executive packages annually by reference to the Group's results, executive performance and relevant information on prevailing remuneration practices across the resources sector for comparable roles within other listed organisations.

The Board sought shareholder approval for an Equity Incentive

DIRECTORS' REPORT

Remuneration report

	30 June 2019 $	30 June 2018 $	30 June 2017 $	30 June 2016 $	30 June 2015 $
Revenue	21,351	1,844	4,407	5,481	321,831
Loss before tax	(2,161,350)	(3,253,530)	(3,926,284)	(6,674,238)	(4,910,678)
Share price at 30 June	0.053	0.100	0.175	0.110	0.065
Basic loss per share (cents)	(0.31)	(0.48)	(0.58)	(1.16)	(0.86)

Plan at the Annual General Meeting on 28 November 2014. This plan forms part of the Group's remuneration policy and provides the Group with a mechanism for driving long term performance for shareholders and the retention of executives. The Board has the discretion to issue shares or rights to acquire shares and offers may be subject to performance criteria consistent with the Group's key strategic objectives. The plan is administered by the Board which has the discretion to determine which persons are eligible to participate in the plan. Additional information on the Equity Incentive Plan is contained in section c).

In the event of serious misconduct or a material misstatement in the Group's financial statements, the Board can cancel or defer performance based remuneration and may also claw back performance based remuneration paid in previous financial years.

Directors, executives and other employees receive a superannuation guarantee contribution required by the government and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary towards superannuation.

Statutory performance indicators

The Board aims to align executive remuneration to strategic and business objectives. As required by the *Corporations Act 2001* (Cth), the figures above show the Group's financial performance over the last five years. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMP. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

c) Elements of remuneration

Fixed annual remuneration

Executives receive their fixed remuneration as cash and statutory superannuation. Fixed remuneration is reviewed annually by the Board and benchmarked against market data for comparable roles in listed companies across the resources sector. In the year ended 30 June 2019, fixed remuneration of executives and KMP remained unchanged.

Long term incentives

The remuneration policy has been designed to align the long term objectives between the Group, its directors and executives by encouraging strong performance in the realisation of the Group's growth strategy and the enhancement of shareholder value.

In prior years, this has been facilitated through the Employee Share Option Plan and the issue of share options which were granted for no consideration, but may contain performance related vesting conditions (share price) or milestone related vesting conditions which must be satisfied within defined timeframes in order for the options to be exercised. Once vested, the options must be exercised prior to their expiry date. There are no participating rights or entitlements inherent in the options.

To address future incentive arrangements, the Board adopted the Iron Road Equity Incentive Plan dated 8 October 2014, directed at attracting, motivating and retaining persons with the skills and experience to deliver successful outcomes in pursuit of the Group's key strategic goals.

Awards under the plan may be structured as either shares or performance rights to acquire shares and the Board may grant such awards with specific performance criteria that are to be satisfied within defined time restrictions.

For details of individual interests in options and performance rights at year end, refer to page 17.

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d) Remuneration expenses for executive KMP

The following table shows details of the remuneration expense recognised for the Group's executive KMP for the current and previous financial year measured in accordance with the requirements of the accounting standards.

		Fixed remuneration				Variable remuneration	
		Short term employee benefits		Long term benefits	Post employment benefits	Share based payments	
Name	Year	Cash salary $	Non-monetary benefits $	Annual and long service leave $	Superannuation $	Performance rights* $	Total $
Managing Director							
Andrew Stocks	**2019**	**335,000**	**-**	**(10,174)**	**25,000**	**29,820**	**379,646**
	2018	375,000	-	66,906	25,000	15,060	481,966
Other key management personnel							
General Manager							
Larry Ingle	**2019**	**275,671**		**(13,449)**	**26,189**	**19,881**	**308,292**
	2018	310,400		45,866	25,000	10,039	391,305
Total Executive Director and KMP	**2019**	**610,671**	**-**	**(23,623)**	**51,189**	**49,701**	**687,938**
	2018	685,400	-	112,772	50,000	25,099	873,271

* Performance rights under the executive LTI scheme are expensed over the vesting period. Refer to page 17 for additional information.

No cash bonuses were paid to executive KMP during the financial year.

e) Contractual arrangements for executive KMP

	Andrew Stocks **Managing Director**	**Larry Ingle** **General Manager**
Fixed remuneration *	$400,000 including statutory superannuation	$335,400 including statutory superannuation
Contract duration	No fixed term arrangement	No fixed term arrangement
Notice by the individual/company	Three months	Three months
Termination of employment	If employment ceases due to genuine redundancy, resignation under reasonable circumstances as determined by the Board, death or invalidity, some or all of the unvested performance rights will not lapse and may vest or the performance criteria may be waived.	

*From 1 July 2018 fixed remuneration has been reduced to 90% of the levels disclosed above until funding for the CEIP has been received.

f) Non-executive director arrangements

Non-executive directors received a board fee of $5,000 per annum. Non-executive directors do not receive performance based remuneration, retirement allowances or termination benefits. Peter Cassidy and Glen Chipman elected not to receive a board fee for the 2019 financial year consequently there is no split between fixed and at-risk remuneration for these directors.

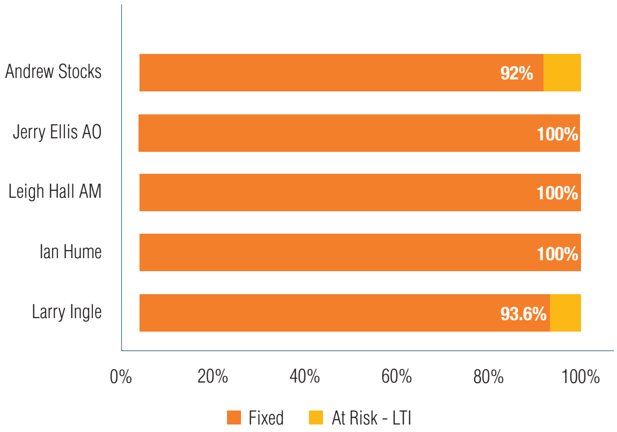
The maximum aggregate amount of fees that can be paid to non executive directors is currently $400,000 which was approved by shareholders at the 2012 AGM on 23 November 2012.

DIRECTORS' REPORT

Remuneration report

g) Additional statutory information

Remuneration mix for financial year 2019



Long term incentives are currently provided exclusively by way of performance rights and are calculated on the value of the right expensed during the year. There was no performance based remuneration granted during the year.

Terms and conditions of share-based payment arrangements

Performance rights

The Iron Road Equity Incentive Plan was implemented in December 2014 as part of the Group's remuneration policy to encourage long term performance and the retention of executives. It is targeted at Iron Road's Managing Director and KMP whose responsibilities provide them with opportunity to significantly influence long term shareholder value. The plan is administered by the Board which has discretion over persons eligible to participate and the performance criteria attached to performance rights.

Performance rights under the Equity Incentive Plan expire five years from the date of issue if the applicable vesting conditions as set by the Board are not met. Satisfaction of any vesting condition will not automatically trigger the exercise of the performance right. The fair value of the rights is determined by the market price of Iron Road Limited shares at the grant date. Rights are granted under the plan for nil consideration and carry no dividend or voting rights. Once vested and exercised, any share acquired by participants will rank equally with all existing shares of the same class.

At the Board's discretion, the Managing Director and General Manager were granted 5,000,000 performance rights at a fair value of $0.16 for nil consideration, with an exercise price of nil. All performance rights granted have vesting conditions in relation to securing funding for the advancement of the CEIP and will lapse if not exercised within five years from grant date.

Should the participant's employment cease due to genuine redundancy, resignation under reasonable circumstances if so determined by the Board, death or invalidity, the unvested performance rights will not lapse and may vest or the performance criteria may be waived. This may constitute a benefit for the purposes of Section 200B of the *Corporations Act 2001* resulting in the Board seeking shareholder approval and a 99.6% "Yes" vote at the Annual General Meeting on 28 November 2014.

There were no performance rights granted during the year ended 30 June 2019.

Performance rights on issue

2019 KMP and Grant date	Balance at the start of the year	Balance at the end of the year		Maximum value yet to vest*
		Vested and exercisable	Unvested	
Andrew Stocks 23 December 2014	3,000,000	-	3,000,000	$23,238
Larry Ingle 23 December 2014	2,000,000	-	2,000,000	$15,492
Total	**5,000,000**	-	**5,000,000**	**$38,730**

* The maximum value of performance rights yet to vest has been determined as the amount of the grant date fair value that is yet to be expensed. The minimum value of performance rights yet to vest is nil, as the rights will be forfeited if the vesting conditions are not met.

DIRECTORS' REPORT

Remuneration report

Options

The Employee Option Plan is designed to provide long term incentives for directors and KMP to deliver long term shareholder returns. Participants are granted options, some of which vest on issue and others that vest if certain market and non-market vesting conditions are met. Options are granted under the plan for nil consideration, carry no dividend or voting rights and expire if not exercised within five years from issue. When exercisable, each option is convertible into one ordinary share.

Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

There are no unissued ordinary shares of Iron Road Limited under option for directors and executives as at 30 June 2019.

Shareholdings

Several directors chose to exercise their entitlement to purchase shares in the rights issue launched in September 2018. Changes to directors' holdings over the year to 30 June 2019 are shown below:

Ordinary Shares held by:	30 June 2018	Acquired	30 June 2019
Peter Cassidy	8,409,652	**280,321**	8,689,973
Andrew Stocks	2,915,938	**-**	2,915,938
Jerry Ellis AO	315,556	**10,518**	326,074
Ian Hume	5,723,559	**190,785**	5,914,344
Glen Chipman	-	**234,698**	234,698
Total	**17,809,149**	**716,322**	**18,081,027**

Mr Chipman acquired 234,698 shares on-market during 2018/19. Leigh Hall AM held 459,258 shares at the time of his retirement as a director on 23 November 2018 which included exercising his entitlement in the rights issue for 14,814 shares.

None of the shares above are held nominally by the directors or KMP.

Voting of shareholders Annual General Meeting held on 23 November 2018

Iron Road Limited received more than 99% of "*yes*" votes on its remuneration report for the 2018 financial year. The company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

This is the end of the audited remuneration report.

Insurance of directors and officers

During the financial year, Iron Road Limited paid an insurance premium to insure the directors and officers of the Group and its controlled entities.

No details of the nature of the liabilities covered and the amount of premium paid in respect of the directors and officers liability insurance policy have been disclosed as such disclosure is prohibited under the terms of the policy.

The Group has also entered into a Deed of Indemnity, Insurance and Access with each director. In summary, the Deed provides for:

» access to corporate records for each director for a period after ceasing to hold office in the company;

» the provision of directors and officers liability insurance; and

» indemnity for legal costs incurred by directors in carrying out the business affairs of the company.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Non-audit services

The Group may decide to engage the auditor on assignments additional to their statutory audit duties where the auditors expertise and experience with the Group are important. The Board is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants.*

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers, Australia) for audit and non-audit services provided during the year are set out in Note 16.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

Signed in accordance with a resolution of the directors, for and on behalf of the Board by:

Andrew Stocks

Managing Director
3 September 2019

DIRECTORS' REPORT

Auditor's Independent Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Iron Road Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Iron Road Limited and the entities it controlled during the period.

M. T. Lojszczyk
Partner
PricewaterhouseCoopers

Adelaide
3 September 2019

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OPERATING AND FINANCIAL REVIEW

Company strategy and operating activities

The Group's main focus during the year has been on the commercialisation of the Central Eyre Iron Project (CEIP). A key component of this focus has been the initiation of a new investor strategy that includes a less capital intensive project start up option. The new project delivery model includes reducing the iron concentrate production rate, substantially lowering the project capital requirements and time to market. The new model also significantly decreases electricity demand and replaces heavy haulage rail with dual-powered road trains operating on a private haul road.

The Group concurrently progressed the 'grain first' strategy, to potentially build a globally competitive grain terminal and export facility at Cape Hardy ahead of mining activities, and entered into an early stage agreement with Eyre Peninsula Co-operative Bulk Handling Limited (EPCBH). EPCBH held various community information sessions relating to proposed grain exports and workshopped various options with the District Council of Tumby Bay.

Subsequent to 30 June 2019, the Group announced it had signed a Heads of Agreement and Project Development Accord with The Hydrogen Utility™ to develop a green manufacturing precinct at Cape Hardy. A stakeholders' meeting was held in Tumby Bay to brief State and Federal politicians on the Cape Hardy port development, including the significant regional development characteristics and the unique cooperation of mining, agriculture, manufacturing and indigenous leaders.

OPERATING AND FINANCIAL REVIEW

Operating results for the year

The principal activities of the Group during the year were the CEIP commercialisation programme and development of a less capital intensive and lower risk project delivery model.

The Group incurred an operating loss after income tax for the year ended 30 June 2019 of $2,161,350 (2018: $3,253,530) reflecting a number of cost saving initiatives. The result was partly offset by an increase in exploration expense during the year incurred in maintaining the mining lease rental, which did not progress the CEIP.

Changes in financial position

The Group's net assets decreased by 1% this year (2019: $125,294,351 from 2018: $126,228,476). A rights issue raised $1.2 million and $2 million in loan funds were provided by the Sentient Global Resources Fund IV. These funds were applied towards exploration and evaluation expenditure and administrative expenses. At year end, the Sentient Global Resources Fund IV loan facility has a balance of $6.0 million, attracts nil interest and is repayable in January 2020.

The Group currently has no cash generating assets in operation and $688,071 of available cash at 30 June 2019. The Group has a further $500,000 of the interest free loan from Sentient Global Resources Fund IV available. Therefore, there is material uncertainty as to the continuing viability of the Group and its ability to continue as a going concern (refer to Note 17 and the Independent Auditor's Report for further details).

Risk management

Operational, financial, environmental and regulatory risks are considered and addressed by management, with specific areas of significant risk referred by management to the Board. The Board considers that at this stage of the Group's project development operations, it is important for all Board members to be a part of this process and as such the Board has not established a separate risk management committee.

FINANCIAL STATEMENTS

For the year ended 30 June 2019

CONTENTS

Note disclosures are split into five sections shown below to enable a better understanding of how the Group performed.

KEY NUMBERS	STRUCTURES	CAPITAL	ADDITIONAL DISCLOSURES	UNRECOGNISED ITEMS
1. Cash	9. Controlled entities	13. Equity and reserves	16. Remuneration of auditors	19. Commitments
2. Exploration	10. Segment information	14. Share based payments	17. Accounting policies	20. Contingencies
3. Property, plant and equipment	11. Related parties	15. Loss per share	18. Risk management	21. Events after reporting date
4. Operating activities	12. Parent entity			
5. Provisions				
6. Taxation				
7. Prepayments and other receivables				
8. Trade payables				

Accounting policies and critical accounting judgements applied to the preparation of financial statements have been moved to the relevant section.

Information is only being included in the Notes to the extent that is has been considered material and relevant to the understanding of the financial statements.

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	2019 ($)	2018 ($)
Revenue and other income			
Other income		21,351	1,844
Expenses			
Impairment of exploration assets	2	(468)	(27,712)
Depreciation	3	(55,168)	(74,500)
Employee benefits expense	4	(893,368)	(1,728,199)
Exploration expenses		(653,446)	-
General expenses		(88,493)	(132,378)
Professional fees	4	(223,953)	(580,779)
Travel and accommodation		(61,026)	(157,982)
Marketing		(15,037)	(123,696)
Rent and administration		(191,742)	(430,128)
Loss before income tax		**(2,161,350)**	(3,253,530)
Income tax expense	6	-	-
Loss for the period		**(2,161,350)**	(3,253,530)
Other comprehensive loss for the period		-	-
Total comprehensive income for the period attributable to owners of Iron Road Limited		**(2,161,350)**	(3,253,530)

Loss per share attributable to the ordinary equity holders of the company:

		Cents	Cents
Basic and diluted loss per share (cents)	15	**(0.31)**	(0.48)

The above consolidated income statement and statement of comprehensive income should be read in conjunction with the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

ASSETS	Note	2019 ($)	2018 ($)
Current assets			
Cash and cash equivalents	1	**688,071**	161,521
Bank term deposits	1	**45,000**	90,000
Prepayments and other receivables	7	**33,855**	37,523
Total current assets		**766,926**	289,044
Non-current assets			
Exploration and evaluation expenditure	2	**121,959,760**	121,864,653
Property, plant and equipment	3	**9,841,379**	9,896,547
Total non-current assets		**131,801,139**	131,761,200
Total assets		**132,568,065**	132,050,244

LIABILITIES	Note	2019 ($)	2018 ($)
Current liabilities			
Trade and other payables	8	**6,720,246**	5,225,971
Provisions	5	**532,014**	569,953
Total current liabilities		**7,252,260**	5,795,924
Non-current liabilities			
Provisions	5	**21,454**	25,844
Total non-current liabilities		**21,454**	25,844
Total liabilities		**7,273,714**	5,821,768
Net assets		**125,294,351**	126,228,476

EQUITY	Note	2019 ($)	2018 ($)
Contributed equity	13	**162,093,715**	160,916,191
Reserves		**5,128,028**	5,078,327
Accumulated losses	13	**(41,927,392)**	(39,766,042)
Total equity		**125,294,351**	126,228,476

The above consolidated statement of financial position should be read in conjunction with the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

		Attributable to owners of Iron Road Limited			
		Contributed Equity	Accumulated losses	Reserves	Total Equity
	Note	$	$	$	$
Balance at 1 July 2017		160,916,191	(36,512,512)	5,053,229	129,456,908
Loss for the year		-	(3,253,530)	-	(3,253,530)
Transactions with owners in their capacity as owners:					
Share based payments	14	-	-	25,098	25,098
Balance at 30 June 2018		**160,916,191**	**(39,766,042)**	**5,078,327**	**126,228,476**
Loss for the year		-	(2,161,350)	-	(2,161,350)
Transactions with owners in their capacity as owners:					
Contributions to equity net of transaction costs		1,177,524	-	-	**1,177,524**
Share based payments	14		-	49,701	49,701
Balance at 30 June 2019		**162,093,715**	**(41,927,392)**	**5,128,028**	**125,294,351**

The above consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note	2019 ($)	2018 ($)
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,619,810)	(3,133,482)
Interest received		1,351	2,793
Net cash outflow from operating activites	4	**(1,618,459)**	**(3,130,689)**
Cash flows from investing activities			
Payments for term deposits		(180,000)	(270,000)
Proceeds from term deposits		225,000	270,000
Payments for exploration and evaluation		(1,097,515)	(967,125)
Payments for property and equipment		-	(2,775)
Proceeds from sale of assets		20,000	-
Net cash outflow from investing activities		**(1,032,515)**	**(969,900)**
Cash flows from financing activities			
Proceeds from issue of shares	13	1,209,701	-
Share issue transaction costs		(32,177)	-
Proceeds/(repayment) of borrowings		2,000,000	3,000,000
Net cash inflow from financing activities		**3,177,524**	**3,000,000**
Net increase in cash and cash equivalents		**526,550**	**(1,100,589)**
Cash and cash equivalents at the beginning of the year		161,521	1,262,109
Cash and cash equivalents at the end of the year	1	**688,071**	161,521

The above consolidated statement of cash flows should be read in conjunction with the notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

KEY NUMBERS

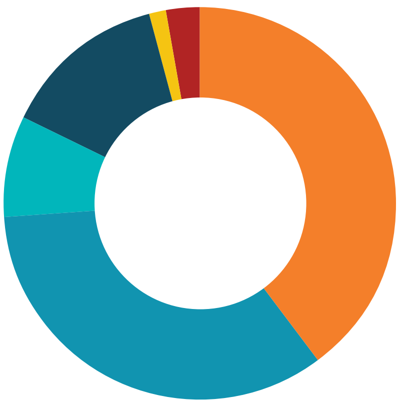
1. Cash

Where we spent money

Per the Consolidated Statement of Cash Flows, total cash expended during the year was significantly lower than the prior year due to cash conservation measures instituted by the Group.

Cash and cash equivalents at 30 June 2019 was $688,071 (2018: $161,521) and bank term deposits held were $45,000 (2018: $90,000). The bank term deposit of $45,000 is held as security for the Group's credit card facility.

Cash at bank earns a floating interest rate based on the at call daily rate. Funds held in a term deposit facility for 3 months or more have been reclassified to bank term deposits in the consolidated statement of financial position per AASB 107.



Exploration and evaluation	$1,097,515
Employee benefits expense	$940,941
Professional fees	$223,953
Rent and administration	$373,853
Share issue transaction costs	$32,177
Property, plant and equipment	-
Other	$76,063

$2,749,502

2019

Exploration and evaluation	$967,125
Employee benefits expense	$1,687,598
Professional fees	$580,779
Rent and administration	$583,426
Share issue transaction costs	-
Property, plant and equipment	2,775
Other	$ 281,678

$4,103,381

2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

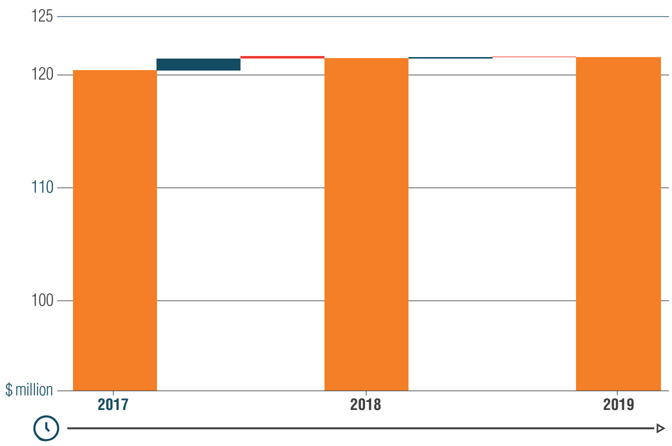
KEY NUMBERS

2. Exploration

Exploration and evaluation expenditure in relation to the CEIP's exploration licence 5932 for the year ended 30 June 2019 was $95,107 (2018: $1,467,267). The CEIP asset is tested for impairment periodically or when events or circumstances indicate the carrying value may not be recoverable. For the year ended 30 June 2019, the directors deemed the current capitalisation of development of the CEIP resource to be appropriate, as the Group continues to refine mining and processing methods and capital cost estimates.

The Group's exploration and evaluation policy is to capitalise and carry forward exploration and evaluation expenditure where a JORC compliant resource has been identified. This appropriately recognises that these projects are in the advanced exploration, evaluation or feasibility phase. Expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The Group fully impaired iron ore rights of $468 (2018: $27,712) in the Gawler Iron Project (GIP) during the year as its focus remains on the CEIP.

For areas of interest where a JORC compliant resource is yet to be identified or where exploration rights are no longer current, the capitalised values are subsequently impaired and charged to the profit and loss. There was no expenditure or impairment on exploration licence 5496 in the year (2018: nil).



2017	Opening balance 1 July 2017	$120,397,386
	Additions during the period	$1,494,979
	Impairment of exploration expenses	($27,712)
2018	Closing balance 30 June 2018	$121,864,653
	Additions during the period	$95,575
	Impairment of exploration expenses	($468)
2019	Closing balance 30 June 2019	$121,959,760

Recoverability of exploration and evaluation assets

The Group's accounting policy requires management make certain assumptions as to future events and circumstances. Exploration and evaluation costs are carried forward based on the accounting policy set out above. Should development not be possible, or the existence of reserves does not allow for economic development, amounts recorded may require impairment in future periods. Iron Road periodically evaluates the economic potential of the CEIP using discounted cashflow modelling techniques. The model includes assumptions for production volumes, forecast iron ore pricing, foreign exchange rates and project costs, which are updated for the latest available data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

KEY NUMBERS

3. Property, plant and equipment

During the year ended 30 June 2019, the Group did not acquire any property, plant and equipment (2018: $2,775).

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Reconciliation of the carrying amounts of property, plant and equipment:

	LAND AND BUILDINGS		PLANT AND EQUIPMENT		
	Land ($)	Buildings & Improvements ($)	Plant & Equipment ($)	Motor Vehicles ($)	Total ($)
Year ended 30 June 2018					
Opening net book value	9,025,418	737,002	203,077	2,775	9,968,272
Additions		-	2,775	-	2,775
Depreciation charge		(21,467)	(52,560)	(473)	(74,500)
Closing net book amount	**9,025,418**	**715,535**	**153,292**	**2,302**	**9,896,547**
At 30 June 2018					
Cost or fair value	9,025,418	1,040,190	1,084,184	64,839	11,214,631
Accumulated depreciation	-	(324,655)	(930,892)	(62,537)	(1,318,084)
Net book amount	**9,025,418**	**715,535**	**153,292**	**2,302**	**9,896,547**
Year ended 30 June 2019					
Opening net book value	9,025,418	715,535	153,292	2,302	9,896,547
Additions	-	-	-	-	-
Depreciation charge	-	(21,467)	(33,227)	(474)	(55,168)
Closing net book amount	**9,025,418**	**694,068**	**120,065**	**1,828**	**9,841,379**
At 30 June 2019					
Cost or fair value	9,025,418	847,518	1,084,184	40,097	11,214,631
Accumulated depreciation	-	(155,700)	(964,119)	(38,269)	(1,373,252)
Net book amount	**9,025,418**	**694,068**	**120,065**	**1,828**	**9,841,379**

During the year the Group disposed of a motor vehicle for $20,000 and wrote-off leasehold improvements at the 30 Currie Street office, all of which had been fully depreciated. A gain on disposal of asset of $20,000 has therefore been recognised in the Consolidated Income Statement as other income (2018: nil).

Depreciation methods and useful lives

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Land is not depreciated and on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

» Computer equipment 3 - 4 years

» Office equipment 3 - 20 years

» Plant and equipment 3 - 20 years

» Buildings & improvements 4 - 40 years

» Motor vehicles 5 - 10 years

In the case of leasehold improvements, the allocation of cost is over the term of the lease. The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and included in profit or loss.

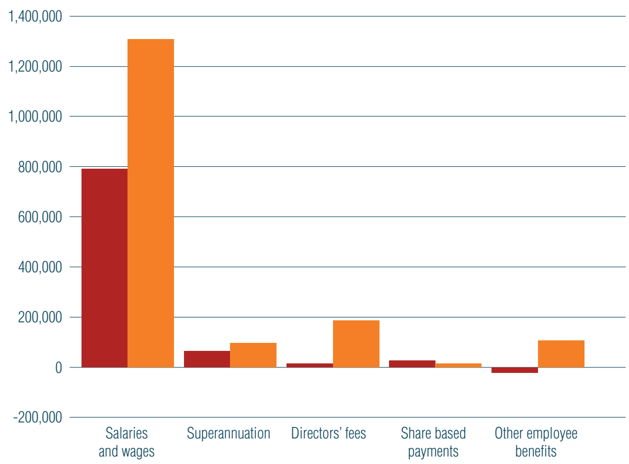
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

KEY NUMBERS

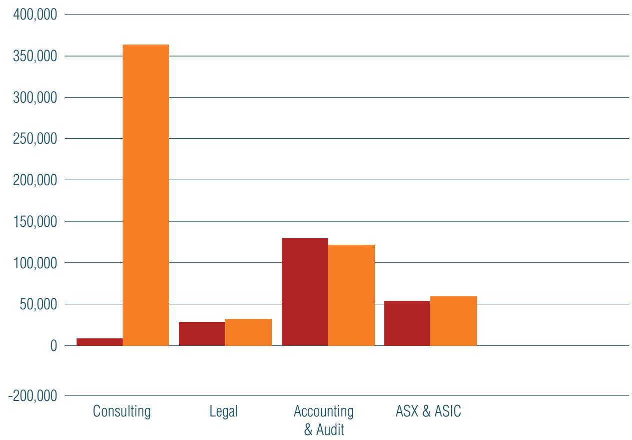
4. Operating activities

Operating expenses were $2,182,702 for the year ended 30 June 2019 (2018: $3,255,374) and include the following:



Employee benefits expense

	2019	2018
Total	**$893,368**	**$1,728,199**
Salaries and wages	$795,833	$1,304,576
Superannuation	$78,528	$97,211
Directors' fees	$11,180	$193,884
Share based payments	$49,701	$25,098
Other employee benefits	($41,874)	$107,430



Professional fees

	2019	2018
Total	**$223,954**	**$580,779**
Consulting	$11,148	$362,472
Legal	$25,457	$29,301
Accounting & audit	$132,554	$126,825
ASX & ASIC	$54,795	$62,181

Reconciliation of loss after income tax to net cash outflow from operating activities is as follows:

	2019 $	2018 $
Net loss for the period	**(2,161,350)**	**(3,253,530)**
Depreciation	55,168	74,500
Share based payments	49,701	25,098
Gain on disposal of asset	(20,000)	-
Impairment of exploration assets	468	27,712
Change in operating assets and liabilities		
(Decrease)/Increase in other receivables	3,669	49,135
Increase/(Decrease) in trade payables	496,213	(152,656)
Increase/(Decrease) in other provisions	(42,328)	99,050
Net cash outflow from operating activities	**(1,618,459)**	**(3,130,689)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

KEY NUMBERS

5. Provisions

The employee benefits provision covers the Group's liability for long service leave and annual leave. This provision represents a present obligation as a result of past events, where it is probable that an outflow of resources will be required to settle the obligation. The current portion of this liability includes all of the accrued annual leave and the unconditional entitlements to long service leave where employees have completed the required period of service. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within twelve months.

	CURRENT PROVISIONS			NON CURRENT PROVISIONS	
Provisions	Annual leave $	Long service leave $	Sub-total $	Long service leave $	Total $
Carrying amount as at 1 July 2018	368,438	201,515	569,953	25,844	595,797
Additional provision recognised during the year	62,234	46,765	108,999	(4,390)	104,609
Amounts used during the year	(146,938)	-	(146,938)	-	(146,938)
Carrying amount as at 30 June 2019	**283,734**	**248,280**	**532,014**	**21,454**	**553,468**

Short term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

Other long term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Notwithstanding the classification of annual leave as a long term employee benefit, the related obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when actual settlement is expected to occur.

The following amounts reflect leave that is not expected to be taken or paid within twelve months:

	2019 $	2018 $
Annual leave obligations expected to be settled after twelve months	170,240	221,063
Current long service leave obligations to be settled after twelve months	248,280	227,359
Total current leave obligations expected to be settled after twelve months	**418,520**	448,422

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

KEY NUMBERS

6. Taxation

Iron Road Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

This note provides an analysis of the Group's income tax expense, amounts recognised and deferred tax assets and liabilities. The income tax expense of nil for the year ended 30 June 2019 (2018: nil) represents the tax payable on the current period's taxable loss adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is determined using a tax rate applicable at the end of the reporting period and expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Reconciliation of income tax benefit to prima facie tax	2019 $	2018 $
Loss from continuing operations before income tax benefit	(2,161,350)	(3,253,530)
Tax at the Australian tax rate of 30% (2018: 30%)	(648,405)	(976,059)
Tax effect of amounts which are not deductible in calculating taxable income	14,781	8,244
Current year tax losses not recognised	633,624	967,815
Income tax expense	**-**	**-**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities	2019 $	2018 $
The balance of deferred tax assets comprises temporary differences attributable to:		
Tax losses	44,011,520	43,479,116
Business related costs	14,015	11,521
Accrued expenses	186,243	219,988
Total recognised and unrecognised deferred tax assets	**44,211,778**	**43,710,625**
The balance of deferred tax liabilities comprises temporary differences attributable to:		
Exploration expenditure	34,216,988	34,357,302
Total deferred tax liabilities	**34,216,988**	**34,357,302**
Net deferred tax assets	9,994,791	9,353,323
Deferred tax assets not recognised	(9,994,791)	(9,353,323)
Net deferred tax assets	-	-

A net deferred tax asset of $9,994,791 (2018: $9,353,323) has not been recognised as it is not probable within the immediate future that taxable profits will be available against which temporary differences and tax losses can be utilised.

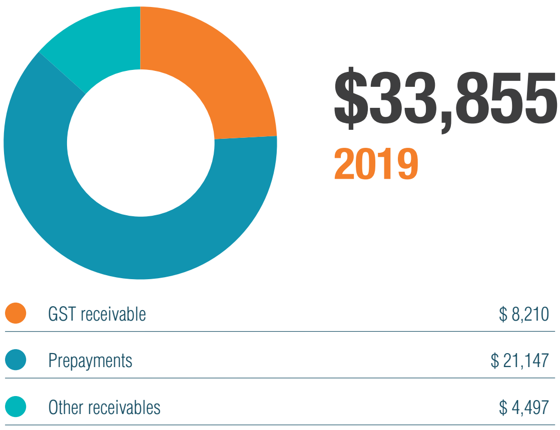
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

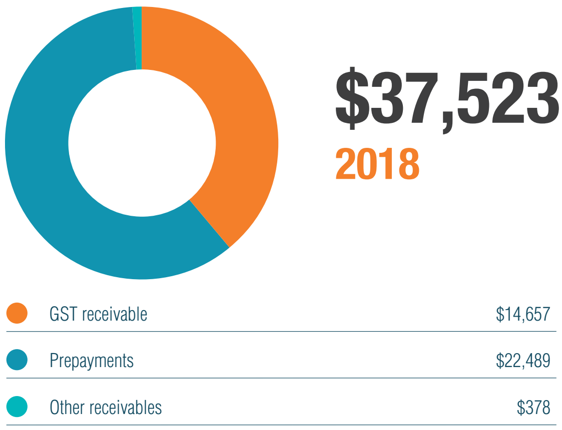
For the year ended 30 June 2019

KEY NUMBERS

7. Prepayments and other receivables

Prepayments and other receivables for the year ended 30 June 2019 were $33,855 (2018: $37,523).





As at 30 June 2019, other receivables that were past due or impaired were nil (2018: nil). At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Exposure to risk is considered in Note 18(a).

Due to the short term nature of current receivables, their carrying amount is assumed to approximate fair value.

8. Trade payables

	2019 $	2018 $
Trade payables	616,117	1,109,222
Accruals	104,129	99,258
Short term loan facility	6,000,000	4,000,000
Other payables	-	17,491
Total trade and other payables	**6,720,246**	**5,225,971**

Trade and other payables for the year ended 30 June 2019 were $6,720,246 (2018: $5,225,971). The Group received $2,000,000 in short term debt finance from its largest shareholder, Sentient Global Resources Fund IV, which is reflected in short term loan facility in trade and other payables. The loan attracts nil interest and is repayable in January 2020.

All amounts are unsecured and are presented as current liabilities unless payment is not due within 12 months from the reporting date. The carrying amount of trade and other payables are assumed to approximate their fair values, due to their short term nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

STRUCTURES

9. Controlled entities

Iron Road Limited has the following subsidiaries, all of which are 100% owned (2018: 100%) and located and incorporated in Australia.

The following are subsidiaries of Iron Road Limited:

IRD Corporate Services Pty Ltd

IRD Group Finance Pty Ltd

IRD Port Assets Midco Pty Ltd

IRD Port Assets Pty Ltd

IRD Port Assets Holdings Pty Ltd

IRD Rail Assets Holdings Pty Ltd

IRD (Central Eyre) Pty Ltd

IRD (Gawler) Pty Ltd

IRD Train Operations Pty Ltd

IRD Track Services Pty Ltd

IRD Marine Operations Pty Ltd

IRD Cargo Services Pty Ltd

IRD Mining Operations Pty Ltd

Eyre Exploration Pty Ltd

IRD Rail Assets Midco Pty Ltd

10. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors and management of the Group. These internal management reports are reviewed on a monthly basis and are aligned with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. The Group does not have any customers or operating segments with discrete financial information and all of the Group's assets and liabilities are located within Australia, as a result no reconciliation is required.

11. Related parties

The parent entity of the Group and the ultimate parent entity and controlling party is The Sentient Global Resources Funds (Sentient) which at 30 June 2019 owned 74.03% (2018: 73.73%) of the issued ordinary shares of Iron Road Limited. Sentient Global Resources Fund IV participated in the September 2018 rights issue acquiring 13,962,713 ordinary shares at 7.5 cents per share (see note 13). In addition, directors of the Company Peter Cassidy, Ian Hume, Leigh Hall and Jerry Ellis took up their full entitlement under the offer.

Transactions with Key Management Personnel having authority and responsibility over the Group's activities are as follows:

	2019	2018
Total	**$687,938**	**$1,075,786**
Short term employee benefits	$610,671	$877,228
Long term employee benefits	($23,623)	$112,772
Post employment benefits	$51,189	$60,687
Performance rights expenses	$49,701	$25,099

Detailed remuneration disclosures are provided in the Remuneration Report on page 14.

The following additional transactions occurred with Sentient:

	2019 $	2018 $
Directors' fees	2,500	40,806
Consulting fees	-	116,669
Total	**2,500**	**157,475**

Of the above, no amounts remained outstanding at 30 June 2019 (2018: $7,056). All transactions were made on standard commercial terms and conditions and at market rates other than the engagement of Mr Chipman at no cost to Iron Road.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

STRUCTURES

12. Parent entity information

The individual financial statements for the parent entity show the following amounts:

Parent entity financial statements	2019 $	2018 $
ASSETS		
Total current assets	11,768,217	11,281,670
Total non-current assets	121,143,402	121,074,419
Total assets	**132,911,618**	**132,356,089**
LIABILITIES		
Total current liabilities	7,252,260	5,795,924
Total non-current liabilities	21,455	25,844
Total liabilities	**7,273,715**	**5,821,768**
Net assets	**125,637,903**	**126,534,320**
EQUITY		
Issued capital	162,093,715	160,916,191
Reserves	5,128,028	5,078,327
Accumulated losses	(41,583,839)	(39,460,197)
Total equity	**125,637,903**	**126,534,321**
Loss for the year	**(2,123,642)**	**(3,217,060)**
Total comprehensive loss for the year	**(2,123,642)**	**(3,217,060)**

The financial information for the parent entity, Iron Road Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint ventures.

Investments in subsidiaries are accounted for at cost in the financial statements of Iron Road Limited.

(ii) Tax consolidation

Iron Road Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Iron Road Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Iron Road Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The company has not provided any financial guarantees as at 30 June 2019 and has no contingent liabilities as at 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

CAPITAL

13. Equity and reserves

Share capital	2019 Shares	2018 Shares	2019 $	2018 $
Opening balance 1 July	677,554,286	677,554,286	160,916,191	160,916,191
Shares issued as part of 1 for 30 non-renounceable rights issue	16,129,348	-	1,209,701	-
Cost of rights issue	-	-	(32,177)	-
Balance 30 June	**693,683,634**	**677,554,286**	162,093,715	160,916,191

During the half year the Group completed a 1 for 30 non-renounceable rights issue at 7.5 cents per share raising $1.21 million before costs. The Group's largest shareholder, Sentient Global Resources Fund IV, subscribed to 13,962,713 ordinary shares in the issue, taking Sentient's interest in Iron Road to 74.03%.

Ordinary shares entitle the holder to participate in dividends and to share in the proceeds of winding up of the Group in proportion to the number of and amounts paid on the shares held. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Performance rights

Information relating to the IRD Employee Option Plan and Equity Incentive Plan including details of options issued, exercised and lapsed during the financial year and outstanding at the end of the reporting period are set out in Note 14.

Reserves

The share based payment reserve is used to recognise the value of options and performance rights issued. Options are vested on issue and are fully expensed whereas performance rights have vesting conditions that are yet to be satisfied. Performance rights are expensed throughout the vesting period and should they fail to vest before the expiry date, no amount is recognised per AASB 2.

During the year, $49,701 of performance rights were expensed in the profit and loss (2018: $25,098)

Dividends

There have been no dividends paid during the current or prior financial years.

14. Share-based payments

Share-based compensation benefits are provided to Directors and KMP through the Iron Road Limited Employee Option Plan and the Iron Road Equity Incentive Plan. During the year, $49,701 of share based payments were expensed in the profit and loss (2018: $25,098).

Employee Option Plan

There were no options on issue, granted or exercised during the year ended 30 June 2019 (2018: nil).

Equity Incentive Plan – Long term incentive

The Board adopted the Iron Road Equity Incentive Plan issued on 8 October 2014, aimed at attracting, motivating and retaining persons with the skills and experience to deliver exceptional performance and outcomes in pursuit of the Group's key strategic outcomes. The plan forms part of the Group's remuneration policy and provides a mechanism for driving long term performance and the retention of executives.

Under the plan, participants are granted performance rights, all of which have performance related vesting conditions. Performance rights are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary share with an exercise price of nil. Participating in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The fair value of the rights is determined by the market price of Iron Road Limited shares at grant date and assuming no dividend pay-out during the five year period. All performance rights granted have vesting conditions in relation to securing funding for the advancement of the CEIP and will lapse if not exercised within five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

CAPITAL

14. Share-based payments (continued)

Set out below is a summary of performance rights under the plan:

Grant date	Expiry date	Fair value at grant date	Balance at start of period	Granted during the year	Forfeited during the year	Balance at end of period	Vested and exercisable at end of period
30 June 2019							
23 December 2014	24 December 2019	$0.16	3,000,000	-	-	3,000,000	-
23 December 2014	13 January 2020	$0.16	2,000,000	-	-	2,000,000	-
Total			**5,000,000**	**-**	**-**	**5,000,000**	**-**
30 June 2018							
23 December 2014	24 December 2019	$0.16	3,000,000	-	-	3,000,000	-
23 December 2014	13 January 2020	$0.16	2,000,000	-	-	2,000,000	-
Total			**5,000,000**	**-**	**-**	**5,000,000**	**-**

There were no rights granted or exercised during the reporting period ended 30 June 2019 (2018: nil) and the weighted average remaining contractual life of all rights at this date is 0.51 years (2018: 1.51).

Total expenses arising from share-based payment transactions recognised during the year is disclosed in Note 13 – Reserves.

15. Loss per share

Basic earnings per share is calculated by dividing:

i) the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, and

ii) the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

iii) the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

iv) the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

Basic and diluted earnings per share	2019 cents	2018 cents
Total basic loss per share attributable to the ordinary equity owners of the company	(0.31)	(0.48)
Total diluted loss per share attributable to the ordinary equity owners of the company	(0.31)	(0.48)
Loss from continuing operations attributable to the members of the group used in calculating basic earnings per share:	(2,161,350)	(3,253,530)

Weighted average number of shares used as the denominator is 688,911,115 (2018: 677,554,286).

1 OVERVIEW
2 CHAIRMAN'S LETTER
3 OPERATIONS REPORT
4 DIRECTORS' REPORT
5 OPERATING AND FINANCIAL REVIEW
6 FINANCIAL STATEMENTS
7 SIGNED REPORTS
8 ASX INFORMATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

ADDITIONAL INFORMATION

16. Remuneration of auditors

During the year ended 30 June 2019, total fees paid or payable for services provided by PricewaterhouseCoopers and its related practices were as follows:

PricewaterhouseCoopers (Australia)	2019 $	2018 $
Total remuneration for audit and other assurance services	68,673	71,714
Total remuneration for tax services	5,100	14,331
Total remuneration of PricewaterhouseCoopers (Australia)	**73,773**	**86,045**

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers expertise and experience is important. These assignments are principally audit and assurance services and taxation advice. PricewaterhouseCoopers is awarded assignments on a competitive basis and it is the Group's policy to seek competitive tenders for all major projects.

17. Accounting policies

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Iron Road Limited and its controlled entities. The financial statements were authorised for issue by the directors on 3 September 2019. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation of historical financial information

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Iron Road Limited is a for-profit entity for the purpose of preparing the financial statements. Iron Road Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements are presented in Australian Dollars.

(i) Compliance with IFRS

The consolidated financial statements of Iron Road Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(iii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statement are disclosed in Note 17(g).

(iv) Going concern

As at 30 June 2019, the Group's current liabilities exceed its current assets by $6,485,334. The Group has also experienced an operating loss of $2,161,350 and negative operating and investing cash flows of $2,650,973 during the financial year ending 30 June 2019.

The Group currently has no cash generating assets in operation and $688,071 of available cash at 30 June 2019. The Group has a further $500,000 of the interest free loan from Sentient Global Resources Fund IV available. Therefore, the continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due is dependent on the Group being successful in:

1) receiving the continuing support and extension of terms from its shareholder, including the ongoing subordination of the shareholder' loan, with a limit of $6.5 million and current balance of $6.0 million, which as at the date of this report is yet to be contractually deferred; and/or

2) funding from a project partner.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors believe that the Group will be successful in implementing a combination of the above matters and, accordingly, have prepared the financial report on a going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

ADDITIONAL INFORMATION

If the above matters are not executed successfully, the going concern assumption may not be appropriate and result in the Group having to potentially realise assets and extinguish liabilities at amounts different to those stated in the financial report. No allowance for such circumstances has been made.

(v) New and amended standards adopted by the Group

The Group adopted the following new or revised accounting standards in the period.

» AASB 15 Revenue from Contracts with Customers; and

» AASB 9 Financial Instruments.

Adoption of these standards has not resulted in a material impact on the Group's current period results or restatement of previously reported financial results.

(vi) New standards and interpretations not yet adopted.

Certain new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been early adopted by the Group. The Group's assessment of the impact of these standards and interpretations is set out below.

» AASB 16 Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee, effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice. The Directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's financial statements.

» Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Iron Road Limited as at 30 June 2019 and the results of all controlled entities for the year then ended. Iron Road Limited and its controlled entities together are referred to in this financial report as the Group.

Controlled entities are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

c) Goods and service tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

d) Investment and other financial assets

The Group classifies its financial assets as loans and receivables. Management determines the classification of its investments at initial recognition. Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

ADDITIONAL INFORMATION

17. Accounting policies (continued)

e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Iron Road Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss.

f) Revenue recognition

Interest income on bank term deposits is calculated on the term of the deposit and the bank interest rate at lodgement date and accrued in revenue from continuing operations.

g) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the respective notes:

(i) Exploration and evaluation assets (Note 2)

18. Risk management

The Group's activities expose it to a variety of financial and market risks (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks, to minimise potential adverse effects on the financial performance and position of the Group.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from the Group's receivables, cash and cash equivalents and bank term deposits

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalent and bank term deposit.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. There are no significant concentrations of credit risks, whether through exposure to individual customers or specific industry sectors. The Group's maximum exposure to credit risk at the reporting date was $766,926 (2018: $289,044).

The credit quality of financial assets that are neither past due not impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Financial assets that are neither past due nor impaired are as follows:

	2019 $	2018 $
Counterparties without an external credit rating:		
Financial assets with no default in the past	**33,855**	37,523
Cash at bank and fixed term deposits with a credit rating:		
AA-	**733,071**	251,521
Total	**766,926**	289,044

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group incurred short term debt to meet operational expenses of $2,000,000 during the year ended 30 June 2019 (2018: $3,000,000), which has been disclosed in trade and other payables.

The following are the contractual maturities of undiscounted financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Contractual maturities of financial liabilities	Less than 6 months	Total contractual cash flows	Carrying amount
At 30 June 2019			
Trade and other payables	6,720,246	6,720,246	6,720,246
Total non-derivatives	**6,720,246**	**6,720,246**	**6,720,246**
At 30 June 2018			
Trade and other payables	5,225,971	5,225,971	5,225,971
Total non-derivatives	**5,225,971**	**5,225,971**	**5,225,971**

There are no derivative financial instruments.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns. The following market risk exposures have been assessed:

(i) Currency risk

The Group operates in Australian dollars with infrequent and low value transactions in other currencies. Such transactions present immaterial currency risk.

(ii) Interest rate risk

Exposure arises from assets bearing variable interest rates. With consideration of the cash balance at 30 June 2019 and the Group's intention to hold fixed rate assets to maturity, the impact of interest rate risk is considered to be immaterial.

(iii) Price Risk

Changes in commodity prices may impact the Group's projected cash flows in future years and may impact the assessment of the carrying value of its assets. However, given the company is not yet in production, changes in commodity prices do not currently impact the Group's profit or loss or its cash flows.

d) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern.

There were no changes to the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

UNRECOGNISED ITEMS

19. Commitments

Mining tenements

All of the Group tenements are situated in the South Australia. In order to maintain an interest in the mining and exploration tenements, the Group is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the minimum expenditure commitments required as per the Mining Act 1971.

The following obligations are not provided for in the financial report:

Exploration expenditure commitments	2019 $	2018 $
Within one year	538,577	277,862
Later than one year but no later than five years	1,291,423	-
Total exploration expenditure commitments	**1,830,000**	**277,862**

The Group's interest in mining tenements is as follows:

South Australia	Tenement Reference	Interest
Warramboo	ML6467	100%
	EL5934	100%
Lock	EL5496	100%
Mulgathing	EL6012	90% Iron Ore rights
	EL5298	90% Iron Ore rights
	EL5661	90% Iron Ore rights
	EL5720	90% Iron Ore rights
	EL5767	90% Iron Ore rights
	EL5998	81% Iron Ore rights
	EL5732	81% Iron Ore rights

Lease commitments

The Group's entered into a month to month lease on its new office in Adelaide in January 2019. Consequently, the total commitments for minimum payments in relation to operating leases for the year ended 30 June 2019 were nil (2018: nil).

Capital commitments

There were no outstanding contractual commitments as at 30 June 2019 (2018: nil).

20. Contingencies

There are no material contingent liabilities or contingent assets of the Group at reporting date.

21. Events after reporting date

No matters or circumstances have arisen since 30 June 2019 that have significantly affected the Group's operations, results or state of affairs.

DIRECTORS' DECLARATION

Iron Road Limited and its Controlled Entities

The directors' of the Group declare that:

1. The consolidated financial statements, comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and accompanying notes are in accordance with the *Corporations Act 2001* and:

    a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

    b) give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date.

2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

3. The remuneration disclosures included in the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2019, comply with section 300A of the *Corporations Act 2001*.

4. The directors' have been given the declarations by the chief executive officer and finance manager required by section 295A of the *Corporations Act 2001*.

5. The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Board of directors and is signed for and on behalf of the directors by Andrew Stocks.

Andrew Stocks

Managing Director
3 September 2019

Independent auditor's report to the members of Iron Road Limited.

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

To the members of Iron Road Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Iron Road Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2019
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated income statement and statement of comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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INDEPENDENT AUDITOR'S REPORT

Material uncertainty related to going concern

We draw attention to Note 17 (a) (iv) in the financial report, which indicates that the Group incurred an operating loss of $2,161,350 during the year ended 30 June 2019 and, as of that date, the Group's current liabilities exceeded its current assets by $6,485,334. The Group currently has no cash-generating assets in operations and with $688,071 of available cash at balance date requires additional funds as detailed in Note 17. These conditions, along with other matters set forth in Note 17, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall Group materiality of $1.33 million, which represents approximately 1% of the Group's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group total assets because, in our view, it is the metric against which the performance of the Group is most commonly measured given it is an exploration and evaluation company that has no production or sales.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly accepted thresholds in the mining industry.

INDEPENDENT AUDITOR'S REPORT

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Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group's accounting processes are performed at their head office in Adelaide, which is where we performed our audit procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	***How our audit addressed the key audit matter***
Carrying value of exploration and evaluation assets *(Refer to note 2) $121.9m* The Group accounts for exploration and evaluation activities in accordance with the policy in note 2 of the financial report. The amount recorded at balance date relates entirely to the Group's Central Eyre Iron Project (CEIP). Judgement is required by the Group to determine whether there were indicators of impairment of the exploration and evaluation assets, due to the need to make estimates about future events and circumstances, such as whether the resources may be economically viable to develop in the future. The carrying value of exploration and evaluation assets was considered a key audit matter given the size of the balance recorded on the consolidated statement of financial position at 30 June 2019 and the fact that determination of the balance involves significant judgement made by the Group as outlined above.	We performed the following procedures: • Evaluated the Group's assessment that there had been no indicators of impairment during the current period with reference to the requirements of Australian Accounting Standards. • Considered the latest available information regarding the CEIP through inquiries of management and the directors, and review of press releases. • Inquired of management and the directors as to whether there had been any changes to, and obtained evidence to support, the Group's right of tenure to the CEIP. This includes identifying the licence status recorded by the South Australian Department of State Development. • Tested a sample of current year capitalised expenditure to source documents and considered whether they had been accounted for in accordance with the Group's policy.

INDEPENDENT AUDITOR'S REPORT

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT

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Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 14 to 18 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Iron Road Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

M. T. Lojszczyk
Partner

Adelaide
3 September 2019

ASX ADDITIONAL INFORMATION

For the year ended 30 June 2019

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is shown below. All information is current as at 7 August 2019.

Distribution of equity securities

Analysis of number of equity security holders by size of holding:

Spread of holding	Number of holders	Shares held	Percentage of ordinary fully paid shares
1-1,000	173	75,752	0.01%
1,001-5,000	439	1,299,985	0.19%
5,001-10,000	263	2,098,235	0.30%
10,001-100,000	609	19,907,106	2.87%
100,001 and over	159	670,302,556	96.63%
Total holdings on register	**1,643**	**693,683,634**	**100.00%**

There were 784 holders of less than a marketable parcel of ordinary shares (calculated at 5.5 cents per share).

Twenty largest shareholders

The names of the twenty largest shareholders of quoted ordinary shares are:

	Holder name	Shares held	Percentage of ordinary fully paid shares
1	Sentient Executive GP IV, Limited	432,844,105	62.40%
2	HSBC Custody Nominees Australia Limited	75,090,463	10.82%
3	Sentient Executive GP III, Limited	51,558,593	7.43%
4	Sentient Executive GP II, Limited	29,131,005	4.20%
5	SANBA II Inv Company	9,861,112	1.42%
6	DEVIPO Pty Ltd	5,914,344	0.85%
7	Cedarose Pty Ltd	4,686,811	0.68%
8	SEISUN Capital Pty Ltd	4,003,162	0.58%
9	JEM Investment Fund Holdings Pty Ltd	3,513,333	0.51%
10	Anderson, CM & SM	2,996,666	0.43%
11	Paul, Geoffrey John	2,920,450	0.42%
12	HSBC Custody Nominees Australia Ltd	2,560,151	0.37%
13	Kiritsopoulos A and Ford J	2,000,000	0.29%
14	Citicorp Nominees Pty Ltd	1,893,656	0.27%
15	Stocks, Claire Margaret	1,442,657	0.21%
16	Stocks, Andrew James	1,442,656	0.21%
17	Bond Street Custodians Ltd	1,365,033	0.20%
18	BNP Paribas Nominees Pty Ltd	1,269,503	0.18%
19	J P Morgan Nominees Australia Pty Limited	1,199,379	0.17%
20	Rilat Lty Ltd	1,135,000	0.16%
	Total	**636,828,079**	**91.80%**

Substantial shareholder

These substantial shareholders have notified the company in accordance with section 671B of the *Corporations Act 2001*:

	Shares held
Sentient Executive GP II, Limited	29,131,005
Sentient Executive GP III, Limited	51,558,593
Sentient Executive GP IV, Limited	432,844,105
Total holding	**513,533,703**

Voting rights

All ordinary shares are fully paid and carry one vote per share without restriction.

Performance rights

Carry no dividend or voting rights.

On issue - 5,000,000

Number of holders - 2

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