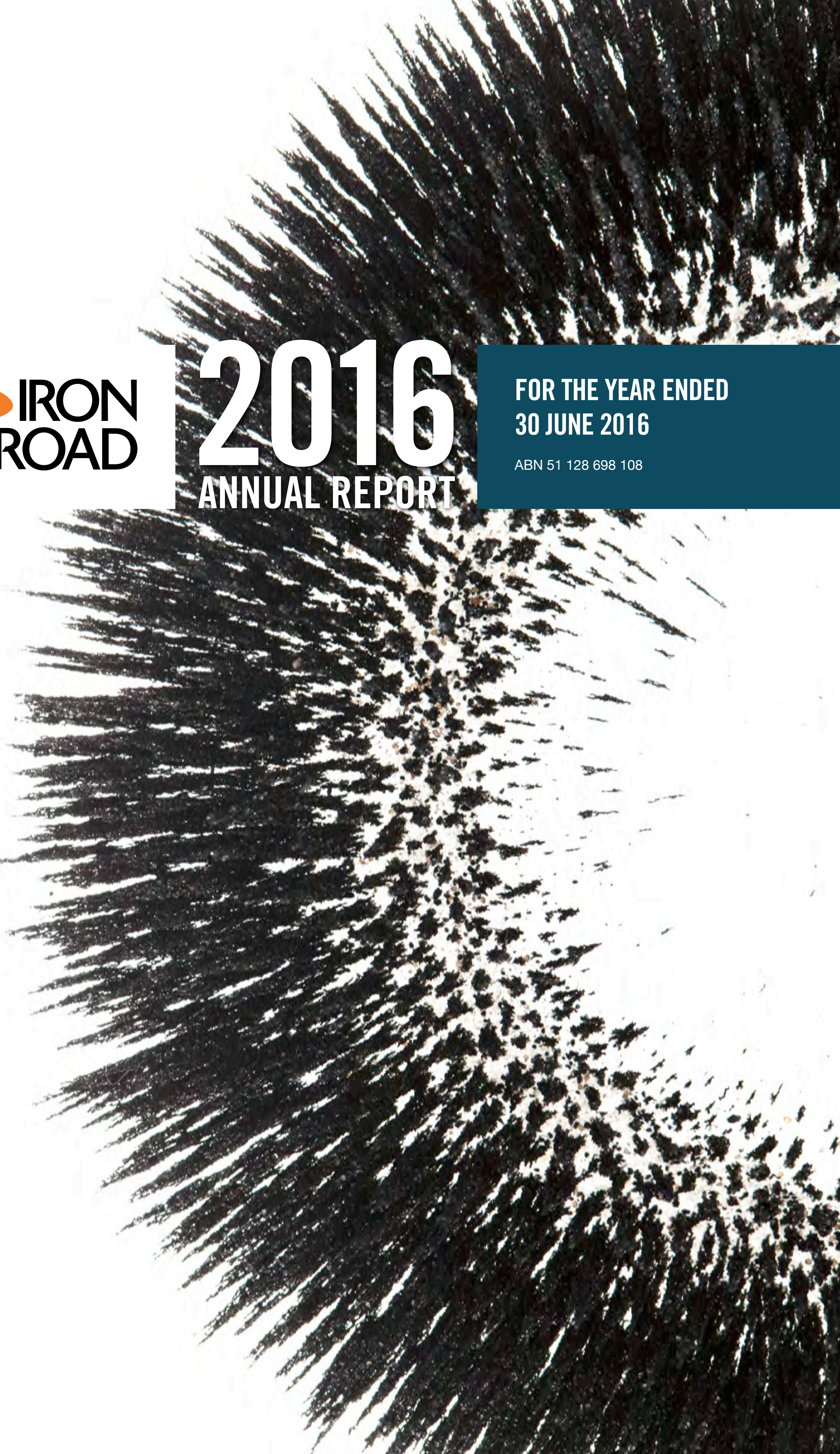
IRON ROAD

2016 ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

ABN 51 128 698 108



CORPORATE DIRECTORY

Directors

Peter Cassidy
Chairman

Andrew Stocks
Managing Director

Jerry Ellis AO
Non-Executive Director

Leigh Hall AM
Non-Executive Director

Julian Gosse
Non-Executive Director

Ian Hume
Non-Executive Director

General Manager
Larry Ingle

Company Secretary
Leonard Math

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ABN 51 128 698 108

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Security Transfer Registrars
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Applecross WA 6153
Telephone 08 9315 2333
registrar@securitytransfer.com.au

Auditors
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Level 11, 70 Franklin Street
Adelaide SA 5001
Telephone 08 8218 7000

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

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Iron concentrate from the CEIP, South Australia

CHAIRMAN'S LETTER

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 2016.

Dear Shareholder,

This year has marked a turning point for Iron Road, on both a corporate and project level. One of the world's premier engineering and infrastructure construction firms China Railway Group Limited, has partnered with us to drive the Central Eyre Iron Project (CEIP) forward. The ground work has been set for us to jointly take the CEIP to Final Investment Decision and Financial Close.

Together, we remain committed to maintaining development through the current iron ore price cycle. Iron Road and China Railway Group of course, are also working together on the road to development with our other partners, namely Shansteel which has keen interest in offtake and Emerald Grain (Sumitomo), a fellow commodity exporter and port user. The formation of this group of like-minded partners has been the key achievement of the year.

We closed 2016 with a strong balance sheet after the successful conclusion of an overall raising of $9.56 million, and we thank both our long standing and new shareholders for their support during the year. With the funding in place we will continue to move the CEIP closer to Final Investment Decision, Financial Close and ultimately construction and production together with our partners.

Quality projects and products are of course important elements in building a successful iron ore company. We are delighted with the progress we have achieved at the CEIP in 2016.

We still see additional scope for materially reducing costs for the CEIP, which would maintain the trend established from our first studies demonstrating continual reductions in risk and cost profiles. The Project Commercialisation Programme, underway with China Railway Group, aims to repeat this past success of substantial cost reductions.

Government assessment and approvals are also well advanced, and are expected to be completed by late 2016. Successful grant of approvals and continued momentum with project partners that leads to credible equity and debt finance procurement will position the CEIP at the front of the high quality development queue and well placed to take advantage of expected strong future demand for high quality iron products.

Looking back on the year, in September 2015 Iron Road announced that it had signed separate non-binding memoranda of understanding with five Chinese steel companies. In November 2015, Iron Road submitted a Mining Lease application and supporting Mining Lease Proposal and Environmental Impact Statement in relation to the CEIP to the relevant South Australian government agencies.

CEIP iron concentrate, South Australia

In April 2016, Iron Road signed two key agreements – a Strategic Co-operation Agreement with China Railway Oriental International Construction Corporation (CROICC), a wholly owned subsidiary of China Railway Group, and a Tripartite Co-operation Agreement with Shandong Iron and Steel Group (Shansteel) and CROICC. The Tripartite signing ceremony was held in front of government dignitaries from both China and South Australia in the Shandong Provincial capital of Jinan as part of the South Australian Government's Trade Mission celebrating the 30th Anniversary of the Shandong-South Australia Sister State relationship. Present at the ceremony amongst other dignitaries were the Hon. Jay Weatherill Premier of South Australia and Mr Xia Geng Vice Governor Shandong Province.

The South Australian Government has formed a positive framework for government interaction with China. The CEIP is expected to act as a catalyst for broader economic expansion in the agricultural, natural resources and industrial sectors across the Eyre Peninsula region in South Australia and all of the parties are supportive of this outcome.

Iron Road is now progressing negotiations for the CEIP in relation to existing memoranda of understanding with potential off-take customers as well as engineering and construction companies and other project funding partner candidates.

We are delighted to have the opportunity to report to shareholders the results of a tremendously productive period. We thank our shareholders and partners for their ongoing support and look forward to a transitional and rewarding year as we progress towards our vision of becoming an independent iron concentrate producer. In closing, I would like to acknowledge and thank the employees and service partners of Iron Road for their hard work and dedication in driving forward the development of the CEIP throughout the year.

Peter Cassidy

Chairman

MANAGING DIRECTOR'S REPORT

Highlights for the year ended 30 June 2016

“A particular highlight this year was the signing of the Strategic Co-operation Agreement with China Railway Group”

Andrew Stocks - Managing Director

Dear Shareholders,

Iron Road continues to make considerable progress towards Final Investment Decision (FID) and the development of the Central Eyre Iron Project (CEIP). Whilst significant achievements continue to be made on an operational level, optimisation studies have allowed for improved efficiencies, leading to lower costs, longer mine life and higher product output.

A particular highlight this year was the signing of the Strategic Co-operation Agreement with a subsidiary of China Railway Group Limited (CREC). CREC is Asia's largest integrated infrastructure construction group and currently ranked number one in the Engineering News Records list of the world's Top 250 Global Construction Companies. This is a significant agreement with both teams actively engaged in a Project Commercialisation Programme with the aim of bringing forward a credible whole-of-project financing solution. Should this be achieved, first shipments of CEIP iron concentrate are expected by the end of 2020.

The Strategic Co-operation Agreement with CREC is complemented by a Tripartite Co-operation Agreement between Iron Road, CREC and Shandong Iron and Steel Group (ShanSteel), China's seventh largest steel producer. All parties have agreed to work collaboratively to evaluate both the commercial and technical aspects and advance the CEIP to a FID.

The Group also spent considerable effort undertaking costs and efficiency reviews for the CEIP, re-estimating both capital and operating costs related to the optimised mine and processing plant design.

Another significant achievement this year was the addition of 1.6 billion tonnes to the CEIP Ore Reserves, increasing the inventory from 2.1 billion tonnes to 3.7 billion tonnes at a grade of 15% iron (product grade 66.7% iron). The CEIP comfortably has the largest magnetite Ore Reserve in Australia and ranks amongst the largest known globally today.

MANAGING DIRECTOR'S REPORT

Highlights for the year ended 30 June 2016

ORE RESERVE

CEIP

2.1Bt

3.7Bt

78% INCREASE

INFRASTRUCTURE AUSTRALIA *PRIORITY PROJECT*

SUCCESSFUL CAPITAL RAISING

HIGH QUALITY IRON CONCENTRATE

67% IRON

PROJECT COMMERCIALISATION PROGRAMME ACCELERATED

MULTI-USER INFRASTRUCTURE

TRIPARTITE AGREEMENT

IRON ROAD

山钢集团 SD STEEL

REG

BROAD PUBLIC CONSULTATION

MANAGING DIRECTOR'S REPORT

Central Eyre Iron Project (CEIP, IRD 100%)

The CEIP is located 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 the port are planned to be linked by an infrastructure corridor containing rail, water and power.

Figure 1: Location of the CEIP, showing the mine, infrastructure corridor and port

Central Eyre Iron Project (CEIP, IRD 100%)

The CEIP is expected to produce a high quality, low impurity iron concentrate that will serve as a clean, superior blending product for steel mill customers. An output of 24Mtpa of approximately 67% iron concentrate is expected over 30 years. With a competitive projected operating cost, CEIP iron concentrate is well positioned to actively displace lower quality iron ores as customers increasingly focus on high quality, low impurity steel making feedstocks.

Iron Road continues to work towards development of new credible and cost competitive iron concentrate export and infrastructure businesses, 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 the largest bulk cargo vessels, alongside a substantial heavy haulage railway, will be a first for South Australia and a radical improvement on the region's existing infrastructure base.

Significant Agreements

In support of the project development, Iron Road is assembling a consortium of aligned organisations with interests in iron concentrate offtake, mining and mineral processing, electricity supply, rail, port logistics and related activities.

During September 2015 Iron Road signed separate, non-binding Memoranda of Understanding (MoUs) with five global Chinese steel companies aimed at progressing long-term iron ore supply agreements for the CEIP. Under the MoUs, the steel companies are conducting technical evaluations of CEIP iron concentrate, to verify the commercial and technical merits, including Value in Use.

A further cooperation agreement was signed with Shandong Iron and Steel at a State Government of South Australia hosted ceremony alongside the Shandong-South Australia Friendly Cooperation Action Plan (2015-2018) signing. The ceremony was observed by the South Australian Premier and the Secretary of the Shandong Provincial Committee of the Communist Party of China.

In March 2016, Iron Road and Emerald Grain, a wholly owned subsidiary of Japanese conglomerate Sumitomo Corporation, announced their partnership to develop a new grain distribution and supply chain network utilising Iron Road's planned rail and port facilities at Cape Hardy. Emerald Grain is one of the largest grain marketing and supply chain businesses in Australia.

During April 2016, Iron Road announced the signing of a Strategic Co-operation Agreement with CREC. The signing ceremony was held in Beijing as part of a South Australian Government trade mission to China. Present at the ceremony were senior representatives of Iron Road, CREC, the State Development and Investment Corporation of China and the South Australian Government, including the Hon. Jay Weatherill, Premier of South Australia and the Hon. Martin Hamilton-Smith, Minister for Investment and Trade.

As part of the agreement a Project Management Office (PMO) has been established at Iron Road's head office in Adelaide, with collaborative oversight by a Project Steering Committee. CREC has allocated consultancy services equivalent to A$5 million as part of the Commercialisation Programme's objective in achieving defined key project deliverables prior to a FID being reached. Finalising annual iron concentrate product sales agreements with CREC is one of the key deliverables and importantly, is expected to underpin the servicing of senior debt finance for the CEIP with long-term tenor (15+ years). CREC have indicated their intention to make a direct investment of up to 15% of the total equity to the project in its own right, should a positive FID be reached.

A historic three party agreement between Iron Road, CREC and ShanSteel, China's seventh largest steel producer, was also signed in April 2016. The signing ceremony was held in the Shandong Provincial capital of Jinan as part of the South Australian Government's Trade Mission to celebrate the 30th Anniversary of the Shandong – South Australia Sister State Relationship. Under the Tripartite Co-operation Agreement, the companies will collaborate to enhance the long term value of the CEIP through the evaluation of a joint strategy to advance the project.

MANAGING DIRECTOR'S REPORT

Central Eyre Iron Project (CEIP, IRD 100%)

Project Optimisation

The Optimisation Study focused on providing greater detail around the two key aspects of the CEIP, the use of In-Pit Crushing and Conveying (IPCC) and the modularisation concept for construction.

The use of IPCC as the primary means of ore and waste extraction and an IPCC specific mine plan were developed by Iron Road using the services of mining contractor, Thiess, and mining company RWE under a Thiess-RWE joint venture, with significant input from a number of equipment vendors. The Thiess-RWE joint venture work also included finalising the design and placement concept for the co-placed mine waste and process tailings in the Integrated Waste Landform (IWL). This is a key part of the proposed mine design as it presents a low risk solution for waste and tailings disposal and the ability to undertake rehabilitation concurrently with mining.

The Optimisation Study also consolidated the flowsheet concept – a key aspect of which is maintaining a coarse grind whilst achieving effective liberation and rejection of gangue/waste mineral. Coarse tailings will be dewatered using screens and the fine tailings dewatered using belt filters. The proposed ore treatment facility is designed to match mine production, with capability of producing 24Mtpa of iron concentrate per annum.

A major design feature of the project is the modularisation of the facilities to minimise schedule risk and embed superior safety outcomes during construction. The Optimisation Study maximised the modularisation aspect and design to allow for an effective costing and construction schedule to be provided by potential service providers.

Based on the optimised mine and processing design a repricing task was undertaken to update the capital cost estimate. The optimised design operating cost was also re-estimated at US$37.72/t of iron concentrate. Subsequent to the reporting of the Optimisation Study results, further re-evaluation resulted in an operating costs reduction to US$35.38/t of iron concentrate.

SRK was engaged to review the Optimisation Study and Mineral Resource estimate in order to provide an updated Ore Reserve Statement. SRK were selected on the basis of their expertise in IPCC and its application.

In order to produce the Ore Reserve Statement, SRK undertook an extensive review of all aspects of the proposed mining, processing, transport and delivery of iron concentrate to market, including a full assessment of the Project economics. This culminated in an Ore Reserve of 3.7 billion tonnes at 15.1% iron (concentrated grade 66.7% iron), up by 1.6 billion tonnes from the previous Ore Reserve Statement by Coffey Mining. Significantly, the SRK analysis provided a review of the CEIP fundamentals by a reputable and independent third party.

Iron Road also completed three bulk trials to produce iron concentrate for evaluation by potential customers. These trials used the basic steps contained in the proposed ore beneficiation flowsheet and in doing so provide a validation of the processing route design. The product produced in these trials meets all of the criteria required for a quality magnetite concentrate, that is, greater than 66.5% Fe, less than 4% SiO_2, less than 2% Al_2O_3 and a particle size (P80) greater than 100 microns. The coarse product enables Iron Road to target sinter opportunities rather than a pelletised product, greatly simplifying the processing of the magnetite ore.

Project Approvals & Environmental

Iron Road's comprehensive Mining Lease Proposal (MLP) under the Mining Act, 1971 (SA) and Environmental Impact Statement (EIS) under the Development Act, 1993 (SA) were formally submitted to the South Australian Government in early November 2015 for assessment. The EIS includes the requirements of the Environment Protection and Biodiversity Conservation Act, 1999 (Cth) (EPBC) in relation to the port infrastructure, with the assessment of relevant matters to be undertaken by the South Australian Government under a bilateral agreement with the Australian Government.

The South Australian Government commenced a public consultation process in relation to both the MLP and EIS in mid-November 2015 which ended in early February 2016 and included three public forums in the towns of Port Neill, Cleve and Wudinna. A total of 105 public submissions were received. Significantly, 53 of the submissions received were supportive in nature, recognising the economic importance that the CEIP may bring to the region and more broadly to the State as a whole.

Iron Road continues to liaise with relevant agencies and expects decisions relating to the MLP, EIS and EPBC Act will be made by the end of 2016.

Larry Ingle - Iron Road General Manager with Mr Cai Zemin CROICC Managing Director at the proposed CEIP site

Stakeholder Engagement

The submission of the MLP and EIS to the South Australian Government was the culmination of five years working collaboratively with key stakeholders and local communities towards developing a project that is environmentally, economically and socially sound. This has evolved through dedicated involvement and input from local government, various community groups, business owners, landowners and other key individuals across the Eyre Peninsula.

The CEIP Community Consultative Committee held their last meeting prior to the formal submission of the MLP and EIS during July 2015, with the members completing a final review of their community outcomes summary and Iron Road's responses. The outcomes table forms part of the MLP.

The Indigenous Land Use Agreement (ILUA) negotiated with the Barngarla Aboriginal Corporation (on behalf of the Barngarla Native Title Claimants (SAD 6011/1998)) was executed by the Barngarla Aboriginal Corporation, Iron Road, South Australian Native Title Services and the Attorney General of South Australia. It has been lodged with the National Native Title Tribunal for assessment pursuant to the Native Title Act, 1993 (Cth) and is expected to be entered on the Register by the end of 2016.

Iron Ore Marketing

The impact of China's revised environmental laws is driving a trend towards increased usage of high quality iron ore feedstock, with several of the larger steel mills expressing strong interest in the CEIP. This interest is both as sinter feed blending stock as well as potential pellet feed.

Technical and commercial evaluation of high quality CEIP iron concentrate by Chinese mills under the MoUs has progressed with encouraging feedback. Testing at blends of up to 30% CEIP concentrate confirmed the production of a higher quality sinter product with an associated reduction in solid fuel consumption and minimal impact on productivity levels. The test work has also confirmed CEIP concentrate as suitable blending material in the production of high quality pellets.

Results have been consistent with, and confirm the conclusions from earlier bulk testing carried out by the China Iron and Steel Research Institute (CISRI) in Beijing. Detailed analysis performed by CISRI has quantified significant environmental and efficiency benefits to steel mills when incorporating CEIP concentrate into the sinter feed blend – including decreased solid fuel rates, increased iron grades, increased blast furnace productivity, reduced slag generation and a reduction in the levels of carbon and sulphur emissions.

Corporate

In June 2016, Iron Road announced a 1 for 9 non-renounceable entitlement offer of new shares at an offer price of $0.10 per share together with a $4.8 million institutional placement. With total gross proceeds of $9.56 million, Iron Road extinguished its short term debt facility and is in a strong and debt free position to take the CEIP to a FID with project development partner CREC. The funds raised provide for environmental and engineering studies required to obtain governmental approvals for the CEIP, iron ore marketing and related activities to finalise offtake arrangements and also to support due diligence work with other potential project equity partners.

MANAGING DIRECTOR'S REPORT

Gawler Iron Project (GIP, IRD 90% of the iron 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 magnetite concentrate using a simple beneficiation process. With minimal evaluation activity conducted on the GIP and no forecast expenditure, management have decided to focus all efforts on the CEIP and as a consequence feel it is prudent to impair the carrying value of the GIP iron rights at this time.

Tim Scholz - Principal Advisor-Stakeholder Engagement (left) and Andrew Stocks - Managing Director (right) at Mark Pfitzner's shearing shed, a land holder located in close proximity to Pt Neill.

APPENDIX

Global Mineral Resource and Ore Reserves Statement

CEIP Ore Reserve Summary				
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	58.58	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.

CEIP Global Mineral Resource							
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.

CEIP Indicative Concentrate Specification – 100 micron (p80)*			
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.

DIRECTORS' REPORT

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 2016.

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:

Peter Cassidy

Andrew Stocks

Jerry Ellis AO

Leigh Hall AM

Julian Gosse

Ian Hume

Leonard Math – appointed Company Secretary on 20 July 2015

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.

The following milestones occurred during the year:

» Agreement signed with China Railway Oriental International Construction Corporation (CROICC), a wholly owned subsidiary of China Railway Group Limited (CREC), the largest integrated construction group in Asia and second largest construction contractor globally by revenue.

» Iron Road, CREC and Shandong Iron and Steel signed a tripartite agreement to develop a joint development strategy.

» Iron Road and Emerald Grain announced an agreement to explore opportunities to access the planned CEIP rail and port infrastructure for grain export.

» Iron Road formally submitted a mining lease application together with a supporting Mining Lease Proposal (MLP) and the Environmental Impact Statement (EIS). The Public consultation closed in February 2016 with 105 submissions received.

» CEIP Ore Reserve increase of 78% from 2.1Bt to 3.7Bt at a grade of 15% iron (product grade 66.7% iron), the largest magnetite ore reserve in Australia and amongst the largest globally.

» Successful capital raising of $9.56 million comprising an entitlement offer raising proceeds of $4.76 million and institutional placements of $4.80 million.

» CEIP infrastructure declared a Priority Project by Infrastructure Australia.

Dr Cassidy - Iron Road Chairman, Mr Cai Zemin - CROICC Managing Director with the Hon Martin Hamilton-Smith - Minister for Investment and Trade, the Hon Jay Weatherill - Premier of South Australia, Mr Chen Zhi Gong - Chairman of CROICC, Mr Liu Weizhi - Vice President of CROICC.

Dividends

No dividends were paid, declared or recommended during the year ended 30 June 2016.

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 25 September 2015 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 Operating and Financial Review on page 24 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

A capital raising programme was launched in June 2016 with a placement approved by shareholders on 25 July 2016. With total gross proceeds of $9.56 million (before costs) Iron Road is in a strong and debt free position to take the CEIP to a Final Investment Decision with project development partner CREC.

The CEIP rail and port infrastructure was declared a Priority Project in September 2016 by Infrastructure Australia, a statutory authority of the Australian Government. The CEIP is one of two South Australian projects listed and one of four projects nationally to be added in the recent review.

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 subsequently 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 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

Information on directors

The information is current at the date of this report:

Peter Cassidy

Chairman

Dr Cassidy is co-founder and Chairman of The Sentient Group (Sentient), Chairman of Enirgi Group Corporation and a Director of Xinli Titanium. Prior to co-founding Sentient in 2000, Dr Cassidy established AMP Life's private equity division, worked with Ford Motor Company and was involved with industry development on behalf of Australian State and Commonwealth Governments.

Dr Cassidy 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 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 and is an elected councillor on the South Australian Chamber of Mines and Energy (SACOME) Council.

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 Ltd, 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 a former Chairman of Alzheimers Australia (NSW), a former Chancellor of Monash University, former President of the Minerals Council of Australia and a former Chairman of the Australia-Japan Foundation and the Australian National Occupational Health and Safety Commission. He is also a member of the Sentient Advisory Council.

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

» Landcare Australia

» MBD Energy Limited

» Alzheimers Australia (NSW)

Leigh Hall AM

Non-executive director

Mr Hall is a highly experienced company director, with a strong background in finance and investment from a career spanning senior executive positions at AMP, membership of a range of investment oversight boards, board positions at securities industry organisations, and significant participation in government advisory boards related to the securities, corporate law, managed funds and superannuation sectors.

Mr Hall is a Member of the Order of Australia, with a citation for service to business and commerce, in particular to the improvement of ethical and professional standards and the efficiency of the Australian securities markets. Mr Hall is also a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.

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

- Funds SA
- Enirgi Group Corporation*
- Compliance Committee, Lazard Asset Management Pacific* (Chairman)

** denotes current directorships*

Julian Gosse

Non-executive director

Mr Gosse has served as a professional director for the last 20 years on various listed company Boards. Prior to this he was involved in the stockbroking, merchant banking and venture capital industries.

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

- ITL Limited
- WAM Research Limited*
- Clime Capital Limited*
- Australian Leaders Fund*

** denotes current directorships*

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.

He remains an independent advisor to The Sentient Group, following his retirement from the fund in 2009. 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*
- Marengo Mining Limited
- African Energy Resources Limited*

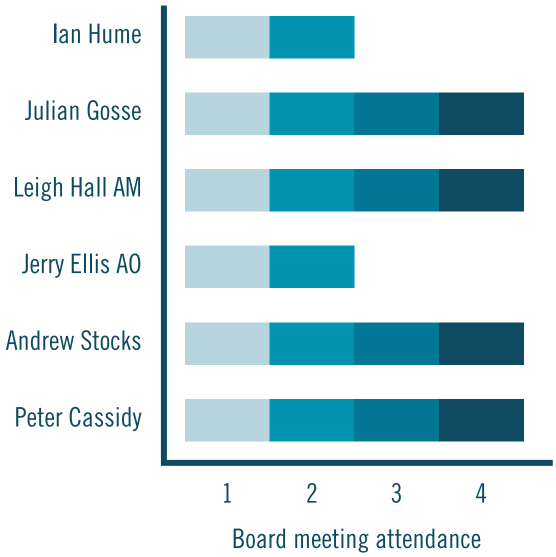
** denotes current directorships*

DIRECTORS' REPORT

Remuneration report

Meetings of directors

There were four board meetings held during the year ended 30 June 2016 with attendance as follows:



The directors present the Iron Road Limited 2016 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 (KMP) covered in this report

Executive and Non-executive directors:

Peter Cassidy – Chairman

Andrew Stocks – Managing director

Jerry Ellis AO – Non-executive director

Leigh Hall AM - Non-executive director

Julian Gosse - Non-executive director

Ian Hume - Non-executive director

Other key management personnel:

Larry Ingle – General Manager

Howard Rae – Chief Financial Officer – resigned 13 October 2015

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 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, the figures below 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 2016, 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 section g).

	30 June 2016 $	30 June 2015 $	30 June 2014 $	30 June 2013 $	30 June 2012 $
Revenue	5,481	321,831	1,232,188	794,279	457,306
Loss before tax	(6,674,238)	(4,910,678)	(4,207,036)	(5,469,066)	(3,239,233)
Share price at 30 June	0.110	0.065	0.300	0.170	0.305
Basic loss per share (cents)	(1.16)	(0.86)	(0.83)	(1.82)	(1.80)

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	**2016**	**365,297**	**-**	**(8,278)**	**34,703**	**78,818**	**470,539**
	2015	365,297	-	18,170	34,703	**24,945**	443,115
Other key management personnel							
General Manager							
Larry Ingle	**2016**	**306,301**	**6,285**	**(35,070)**	**29,099**	**52,546**	**359,160**
	2015	306,301	40,572	33,038	29,099	**16,630**	425,640
Chief Financial Officer							
Howard Rae - resigned 13 October 2015	**2016**	**163,791**	**-**	**(13,186)**	**5,851**	**225,000**	**381,455**
Howard Rae - appointed 14 July 2014	2015	416,752	-	13,186	18,574	14,551	463,063
Total Executive Director and KMP	**2016**	**835,389**	**6,285**	**(56,534)**	**69,653**	**356,363**	**1,211,156**
	2015	1,088,350	40,572	64,394	82,376	56,126	1,331,818

* For details on executive KMP remuneration contractual arrangements, refer to section e).

** Performance rights under the executive LTI scheme are expensed over the vesting period. Refer to section g) for additional information.

Non-monetary benefits provided to Mr Larry Ingle represent the rental obligation and utilities paid by Iron Road Limited for a property leased in Adelaide. The property was used by Mr Ingle as his principal place of residence and also used by the Managing Director Mr Andrew Stocks when in Adelaide. These costs totalling $6,285 (2014: $40,572) are recognised as an expense. Mr Ingle has now permanently relocated to Adelaide and the lease on the property expired.

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	Howard Rae* Chief Financial Officer
Fixed remuneration	$400,000 including statutory superannuation	$335,400 including statutory superannuation	$450,000 including statutory superannuation
Contract duration	No fixed term arrangement	No fixed term arrangement	No fixed term arrangement
Notice by the individual/company	Three months	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.		

* Howard Rae resigned as Chief Financial Officer on 13 October 2015.

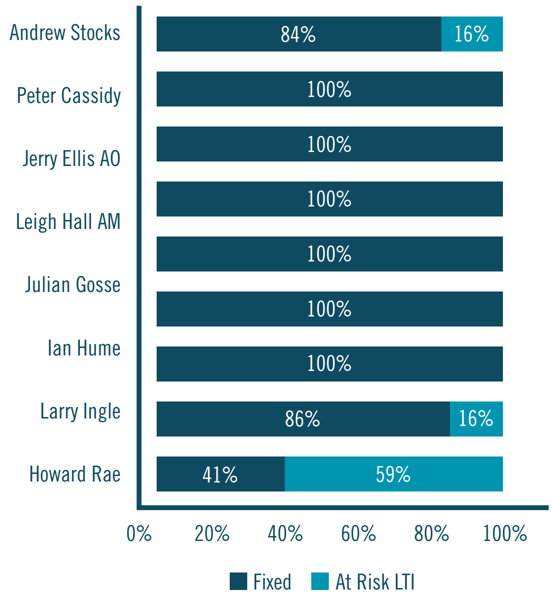
f) Non-executive director arrangements

Non-executive directors receive a board fee of $50,000 per annum and do not receive performance based remuneration, retirement allowances or termination benefits. Fees are reviewed annually by the Board and have remained unchanged.

The maximum aggregate amount of fees that can be paid to non executive directors is currently $400,000 which was approved at a board meeting held on 22 January 2008.

g) Additional statutory information

REMUNERATION MIX FOR FINANCIAL YEAR 2016



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.

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. There were no performance rights granted during the year ended 30 June 2016.

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.

Mr Rae's performance rights were repurchased by Iron Road on his resignation for $225,000.

Performance rights on issue

2016 KMP and Grant date	Balance at the start of the year	Forfeited during the year	Balance at the end of the year		
		Unvested	Vested and exercisable	Unvested	Maximum value yet to vest*
Andrew Stocks 23 December 2014	3,000,000	-	-	3,000,000	$136,236
Larry Ingle 23 December 2014	2,000,000	-	-	2,000,000	$90,824
Howard Rae 23 December 2014	1,750,000	(1,750,000)	-	-	-
Total	**6,750,000**	**(1,750,000)**	-	**5,000,000**	**$227,062**

** 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.*

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.

Unissued ordinary shares of Iron Road Limited under option for directors and executives as at 30 June 2016 are as follows:

2015 KMP and Grant date	Balance at the start of year	Granted during the year	Exercise price	Vested		Vested and exercisable at 30 June 2016	Expired since 30 June 2016	Expiry date
				Number	%			
Jerry Ellis 25 July 2011	500,000	-	$0.9926	500,000	100	500,000	(500,000)	25 July 2016
Total	**500,000**	**-**		**500,000**		**500,000**	**(500,000)**	

There were no options issued during the year and the above mentioned options expired on 25 July 2016.

Shareholdings

There has been no movement in shares held by directors and KMP during the year ended 30 June 2016. However, several Directors chose to exercise their entitlement as part of a rights issue launched in June 2016.

Ordinary Shares held by:	Balance at 30 June 2016 and 30 June 2015	Acquired since 30 June 2016
Peter Cassidy	7,568,686	840,966
Andrew Stocks	2,915,938	-
Jerry Ellis AO	284,000	31,556
Leigh Hall AM	400,000	44,444
Julian Gosse	591,000	65,667
Ian Hume	5,151,203	572,356
Larry Ingle	-	-
Howard Rae	-	-
Total	**16,910,827**	**1,554,989**

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

Voting of shareholders Annual General Meeting held on 27 November 2015

Iron Road Limited received more than 99% of "yes" votes on its remuneration report for the 2015 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.

Iron Road engineering interns examine the CEIP Mining Lease Proposal and Environment Impact Statement

DIRECTORS' 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* 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 23.

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

Andrew Stocks

Managing Director
27 September 2016

Auditor's Independence Declaration

As lead auditor for the audit of Iron Road Limited for the year ended 30 June 2016, 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.

Andrew Forman
Partner
PricewaterhouseCoopers

Adelaide
27 September 2016

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OPERATING AND FINANCIAL REVIEW

Company strategy and operating activities

Significant progress was made during the year towards building a consortium of likeminded companies able to deliver a credible funding solution for the Central Eyre Iron Project. Importantly, a Strategic Co-operation Agreement was signed with a wholly owned subsidiary of China Railway Group Limited (CREC), Asia's largest infrastructure construction company. CREC have committed to work with Iron Road to accelerate a Project Commercialisation Programme which includes formalising offtake agreements, finalising a contracting strategy and value engineering. This work is anticipated to take the CEIP to Final Investment Decision.

Separate, non-binding Memorandum of Understandings (MoUs) were signed with five global Chinese steel companies, and a further cooperation agreement signed with Shandong Iron and Steel (Shansteel) at a State Government hosted ceremony alongside the Shandong-South Australia Friendly Cooperation Action Plan (2015-2018) signing in Adelaide.

Iron Road, CREC and ShanSteel executed a Tripartite Co-operation Agreement in the Shandong Provincial capital of Jinan as part of the South Australian Government's Trade Mission to celebrate the 30th Anniversary of the Shandong-South Australia Sister State Relationship. Under the Tripartite Co-operation Agreement, Iron Road, CROICC and ShanSteel have identified an opportunity to co-operate and collaborate to enhance the long term value of the CEIP through evaluation of a joint strategy to advance the Project.

Significant progress was made in the regulatory area, with the submission of the Mining Lease application together with a supporting Mining Lease Proposal (MLP) and Environmental Impact Statement (EIS). Following a State Government led consultation process, Iron Road formally responded to all submissions and now awaits the outcomes of the Government assessment and approvals processes.

Iron Road conducted a 1 for 9 non-renounceable entitlement offer of new shares concurrently with institutional placements, at an offer price of $0.10/share. Total gross proceeds totalled $9.56 million, placing the Company is in a strong and debt free position.

Operating results for the year

The principal activities of the Group during the year were progressing with Government approvals and optimisation of mining & process solutions, with an additional focus on efficient delivery of both port and rail infrastructure solutions. These activities were initially financed through a short term debt facility which was subsequently repaid through an entitlement offer and institutional placements finalised in July 2016.

The Group incurred an operating loss after income tax for the year ended 30 June 2016 of $6,674,238 (2015: $4,910,678) which includes an impairment of $1,961,018 for the Gawler Iron Project (GIP). Whilst the GIP has the potential to produce quality magnetite using simple beneficiation processes, management have decided to concentrate all efforts on the development of the CEIP and thereby elect to impair GIP iron ore rights.

Total exploration and evaluation expenditure was significantly lower this year $2,544,319 (2015: $13,536,163) as the Group's activities evolve and mature. Interest income of $5,481 (2015: $321,831) was also much reduced as working capital tightened.

CEIP iron concentrate, South Australia

Changes in financial position

The Group's net assets reduced by 4% this year (2016: $124,777,461 2015: $130,578,991) as cash reserves were utilised and a short term debt facility put in place.

June 2016 saw the launch of a 1 for 9 non-renounceable entitlement offer at an offer price of $0.10. Through this, institutional placements raised $4.8 million, with an additional $4.76 million raised through the entitlement offer. With gross proceeds of $9.56 million, the Group immediately repaid the short term debt facility in full and thanks to strong shareholder support is in a solid position to progress the CEIP into 2017.

The successful completion of capital raising activities and a strong debt free position has led the directors to believe that the going concern assumption remains appropriate.

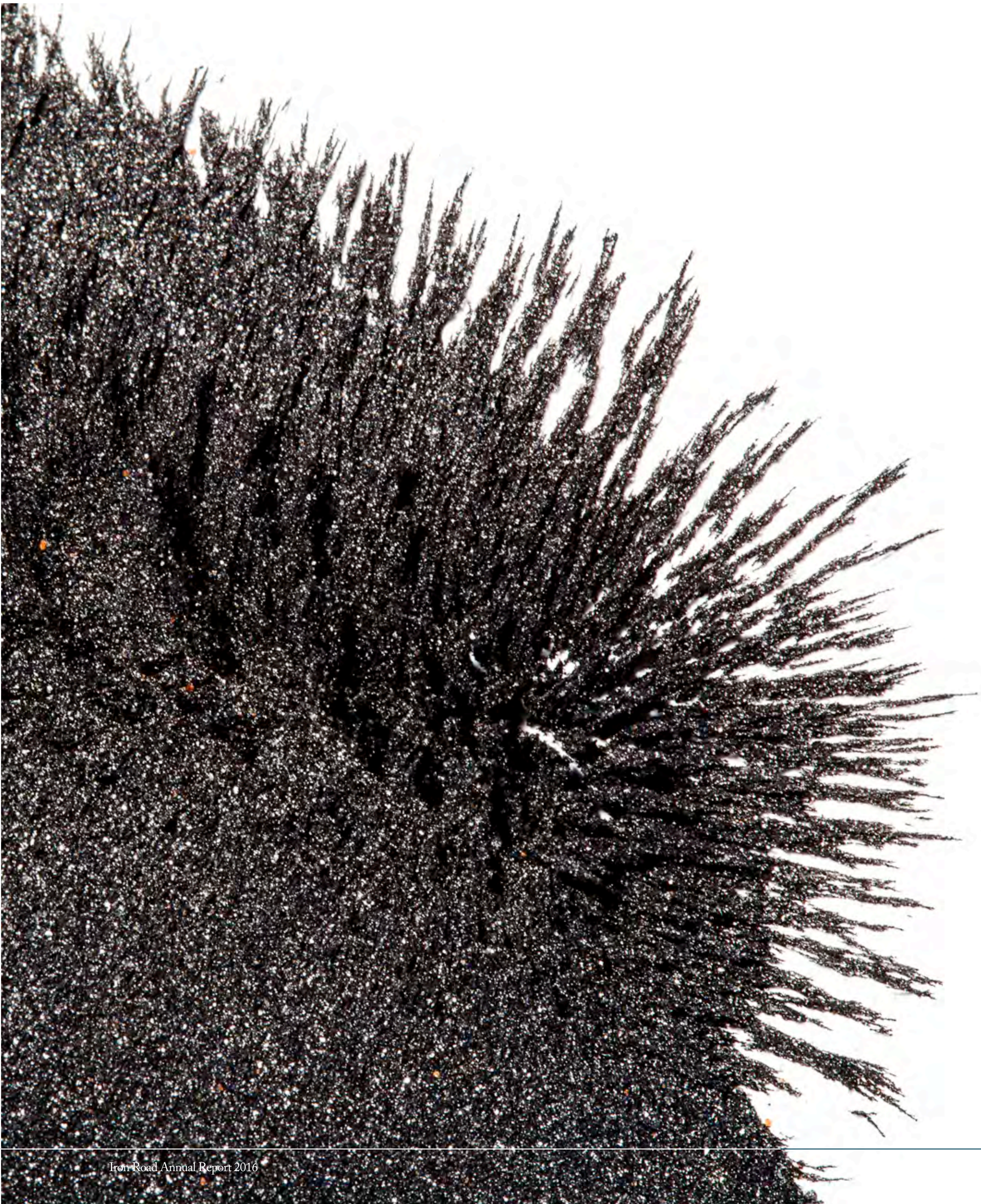
Risk management

Operational, financial 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 REPORT

For the year ending 30 June 2016

CEIP iron concentrate, South Australia



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note	2016 $	2015 $
Revenue from continuing operations			
Interest income		**5,481**	321,831
Expenses			
Impairment of exploration expenses	2	**(1,998,546)**	(8,660)
Depreciation	3	**(243,276)**	(285,309)
Employee benefits expense	4	**(2,149,955)**	(2,081,096)
General expenses		**(315,772)**	(320,809)
Professional fees	4	**(947,804)**	(1,122,898)
Travel and accommodation		**(249,146)**	(392,903)
Marketing		**(158,759)**	(320,649)
Rent and administration		**(616,461)**	(700,185)
Loss before income tax		**(6,674,238)**	(4,910,678)
Income tax expense	6	**-**	-
Loss for the year		**(6,674,238)**	(4,910,678)
Other comprehensive loss for the year		**-**	-
Total comprehensive loss for the year attributable to owners of Iron Road Limited		**(6,674,238)**	(4,910,678)

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

		Cents	Cents
Basic and diluted loss per share (cents)	15	**(1.16)**	(0.86)

The above consolidated 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 2016

	Note	2016 $	2015 $
ASSETS			
Current assets			
Cash and cash equivalents	1	**858,413**	3,440,754
Bank Term deposits	1	**90,000**	272,408
Receivables and prepayments	7	**128,518**	399,172
Total current assets		**1,076,931**	4,112,334
Non-current assets			
Exploration and evaluation expenditure	2	**118,643,647**	118,097,874
Property, plant and equipment	3	**10,149,731**	10,344,912
Total non-current assets		**128,793,378**	128,442,786
Total assets		**129,870,309**	132,555,120
LIABILITIES			
Current liabilities			
Trade and other payables	8	**4,519,448**	1,390,337
Provisions	5	**467,563**	456,484
Total current liabilities		**4,987,011**	1,846,821
Non-current liabilities			
Provisions	5	**105,837**	129,308
Total non-current liabilities		**105,837**	129,308
Total liabilities		**5,092,848**	1,976,129
Net assets		**124,777,461**	130,578,991
EQUITY			
Contributed equity	13	**152,423,991**	151,676,845
Reserves	13	**4,939,698**	4,814,136
Accumulated losses	13	**(32,586,228)**	(25,911,990)
Total equity		**124,777,461**	130,578,991

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 2016

		Attributable to owners of Iron Road Limited			
	Note	Contributed Equity $	Accumulated losses $	Reserves $	Total Equity $
Balance at 1 July 2014		151,676,845	(21,001,312)	4,758,009	135,433,542
Loss for the year		-	(4,910,678)	-	(4,910,678)
Transactions with owners in their capacity as owners:					
Share based payments	14	-	-	56,127	56,127
Balance at 30 June 2015		**151,676,845**	**(25,911,990)**	**4,814,136**	**130,578,991**
Loss for the year		-	(6,674,238)	-	(6,674,238)
Transactions with owners in their capacity as owners:					
Contributions to equity net of transaction costs	13	747,146	-	-	747,146
Share based payments	14	-	-	125,562	125,562
		-	**-**	**56,127**	**56,127**
Balance at 30 June 2016		**152,423,991**	**(32,586,228)**	**4,939,698**	**124,777,461**

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 2016

	Note	**2016** $	2015 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		**(3,987,575)**	(4,801,930)
Interest received		**8,162**	411,861
Net cash outflow from operating activites	4	**(3,979,413)**	(4,390,069)
Cash flows from investing activities			
Payments for term deposits		**(90,000)**	(4,000,000)
Receipts from term deposits		**272,408**	15,100,000
Payments for exploration and evaluation		**(3,494,642)**	(13,121,239)
Payments for property and equipment		**(48,095)**	(113,198)
Net cash outflow from investing activities		**(3,360,329)**	(2,134,437)
Cash flows from financing activities			
Proceeds of issue from shares	13	**1,051,800**	-
Share based payment purchase	13	**(225,000)**	-
Proceeds from borrowings		**4,000,000**	-
Share issue transaction costs		**(69,399)**	-
Net cash inflow from financing activities		**4,757,401**	-
Net increase/(decrease) in cash and cash equivalents		**(2,582,341)**	(6,524,506)
Cash and cash equivalents at the beginning of the half-year		**3,440,754**	9,965,260
Cash and cash equivalents at the end of the year	1	**858,413**	3,440,754

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

Proposed port development site - Cape Hardy, South Australia

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Structure of Notes and materiality

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

KEY NUMBERS	STRUCTURES	CAPITAL	ADDITIONAL INFORMATION	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. Receivables and prepayments				
8. Trade payables				

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

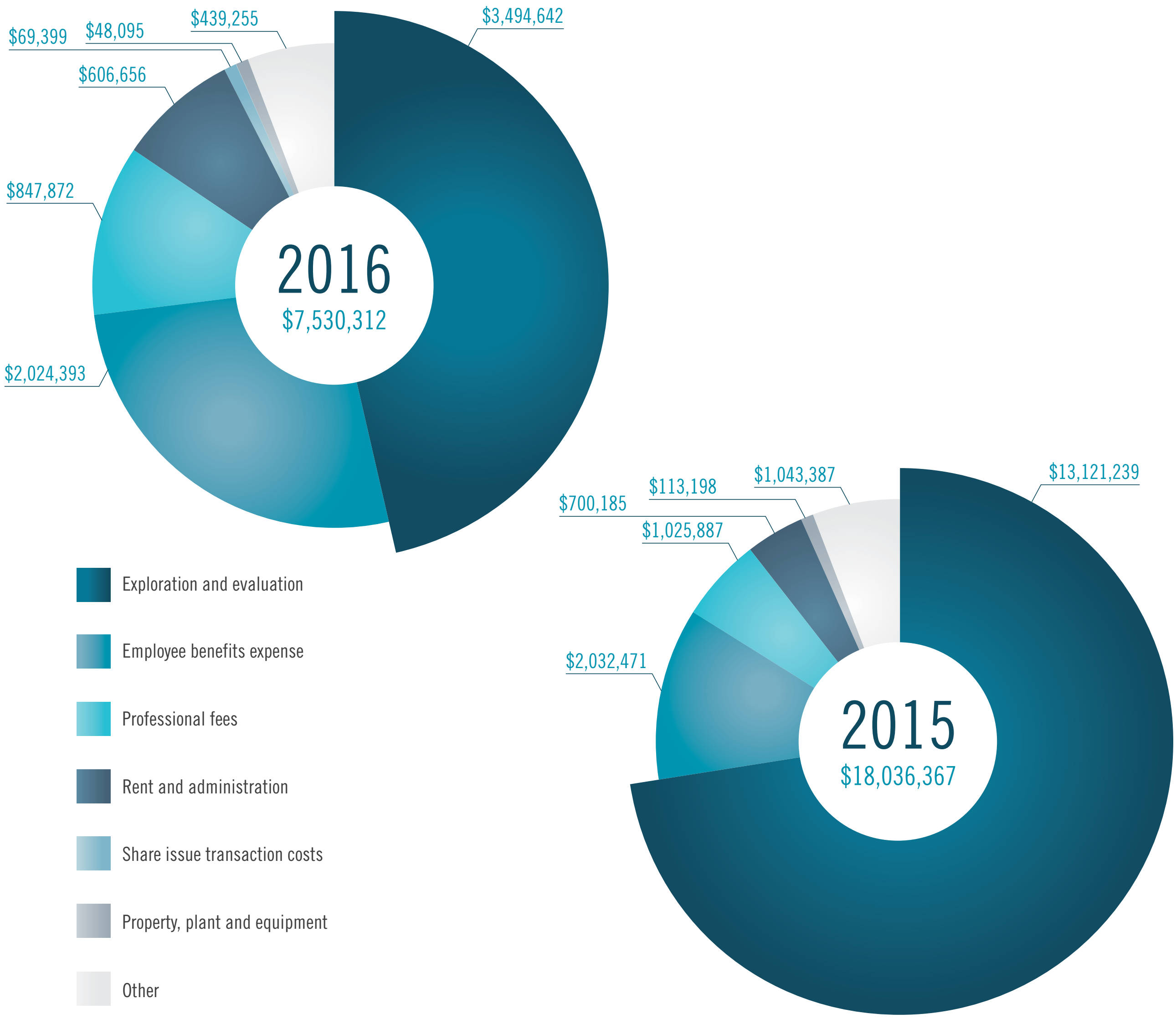
Information is only being included in the Notes to the extent that is has been considered material and relevant to the understanding of the financial statements.

KEY NUMBERS

1. Cash

Where we spent our money

Per the Consolidated Statement of Cash Flows, total cash expended during the year was significantly lower than prior years as the Group's consolidated its focus in the regulatory and commercial arena.



Cash and cash equivalents at 30 June 2016 was $858,413 (2015: $3,440,754) and bank term deposits held were $90,000 (2015: $272,408). The bank term deposit of $90,000 is held as security for the Group's credit card facility.

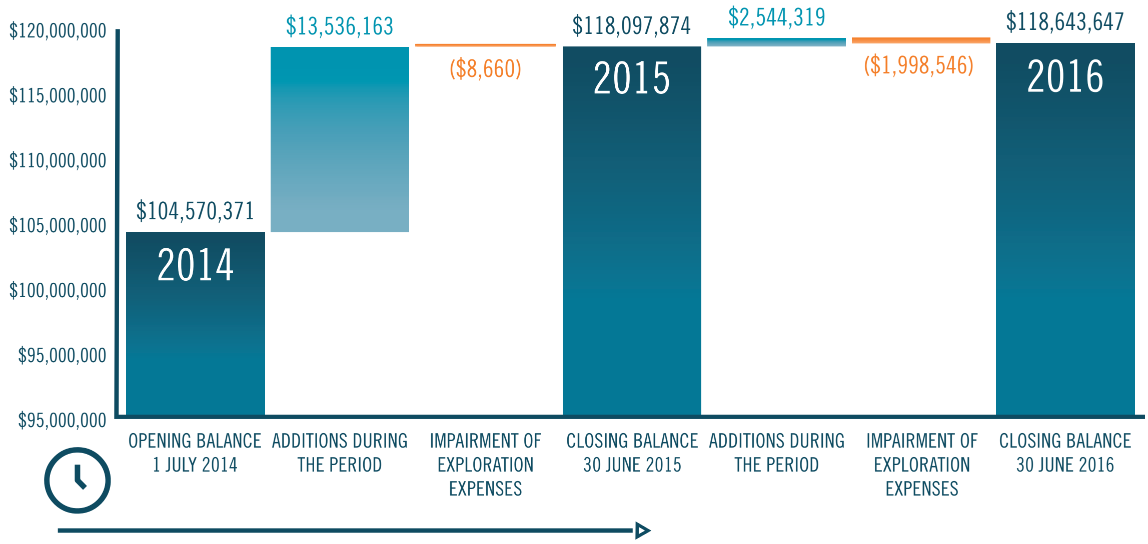
Cash at bank earns a floating interest rate based on the at call daily rate. Funds held in a term deposit facility for greater than 3 months have been reclassified to bank term deposits in the consolidated statement of financial position per AASB 107.

NOTES TO THE FINANCIAL STATEMENTS

For year ended 30 June 2016

2. Exploration

Exploration and evaluation expenditure fell by over 80% in 2016 as the Group finalised its drilling programme and resource upgrade.



Exploration and evaluation expenditure in relation to the CEIP's exploration licence 4849 for the year ended 30 June 2016 was $2,544,319 (2015: $13,536,163). 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 2016, 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 has impaired iron ore rights of $1,961,018 in the Gawler Iron Project in the year ended 30 June 2016 as it consolidates its resources on the development of 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. An additional impairment of $37,528 for the twelve months ended 30 June 2016 (2015: $8,660) was recorded in the profit and loss.

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.

3. Property, plant and equipment

During the year ended 30 June 2016, the Group invested $48,095 in property, plant and equipment (2015: $110,948).

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 $	Equipment $	Motor Vehicles $	Total $
Year ended 30 June 2015					
Opening net book value	8,978,418	895,537	618,544	26,774	10,519,273
Additions	-	41,762	69,186	-	110,948
Depreciation charge	-	(67,773)	(205,238)	(12,298)	(285,309)
Closing net book amount	**8,978,418**	**869,526**	**482,492**	**14,476**	**10,344,912**
At 30 June 2015					
Cost or fair value	8,978,418	1,040,190	1,078,365	64,839	11,161,812
Accumulated depreciation	-	(170,664)	(595,873)	(50,363)	(816,900)
Net book amount	**8,978,418**	**869,526**	**482,492**	**14,476**	**10,344,912**
Year ended 30 June 2016					
Opening net book value	8,978,418	869,526	482,492	14,476	10,344,912
Additions	47,000	-	1,095	-	48,095
Depreciation charge	-	(78,479)	(159,421)	(5,376)	(243,276)
Closing net book amount	**9,025,418**	**791,047**	**324,166**	**9,100**	**10,149,731**
At 30 June 2016					
Cost or fair value	9,025,418	1,040,190	1,079,460	64,839	11,209,907
Accumulated depreciation	-	(249,143)	(755,294)	(55,739)	(1,060,176)
Net book amount	**9,025,418**	**791,047**	**324,166**	**9,100**	**10,149,731**

NOTES TO THE FINANCIAL STATEMENTS

For year ended 30 June 2016

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

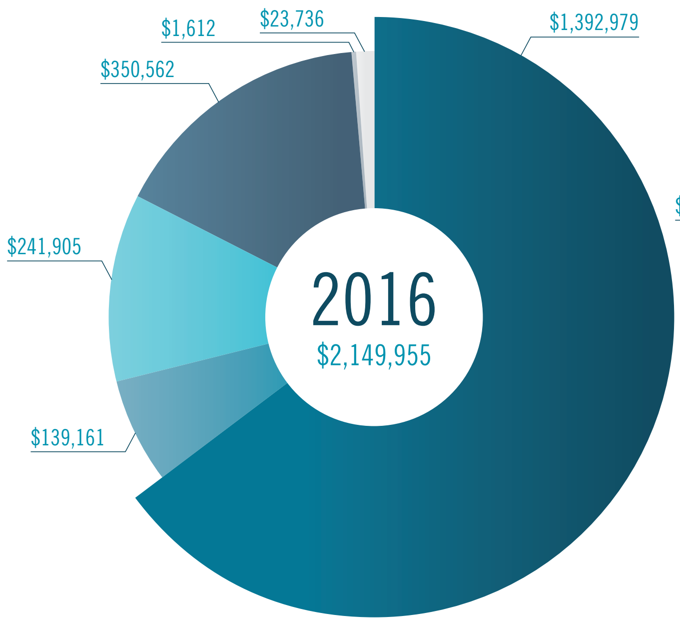
» Motor vehicles 5 - 10 years

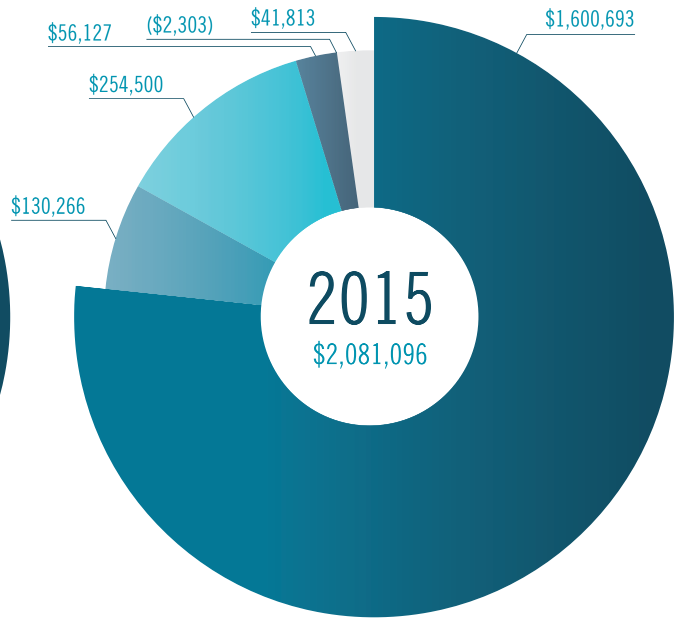
In the case of leasehold improvements, the allocation of cost is over the term of the lease. The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the 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.

4. Operating activities

Operating expenses were $6,679,719 for the year ended 30 June 2016 (2015: $5,232,509) and include the following:

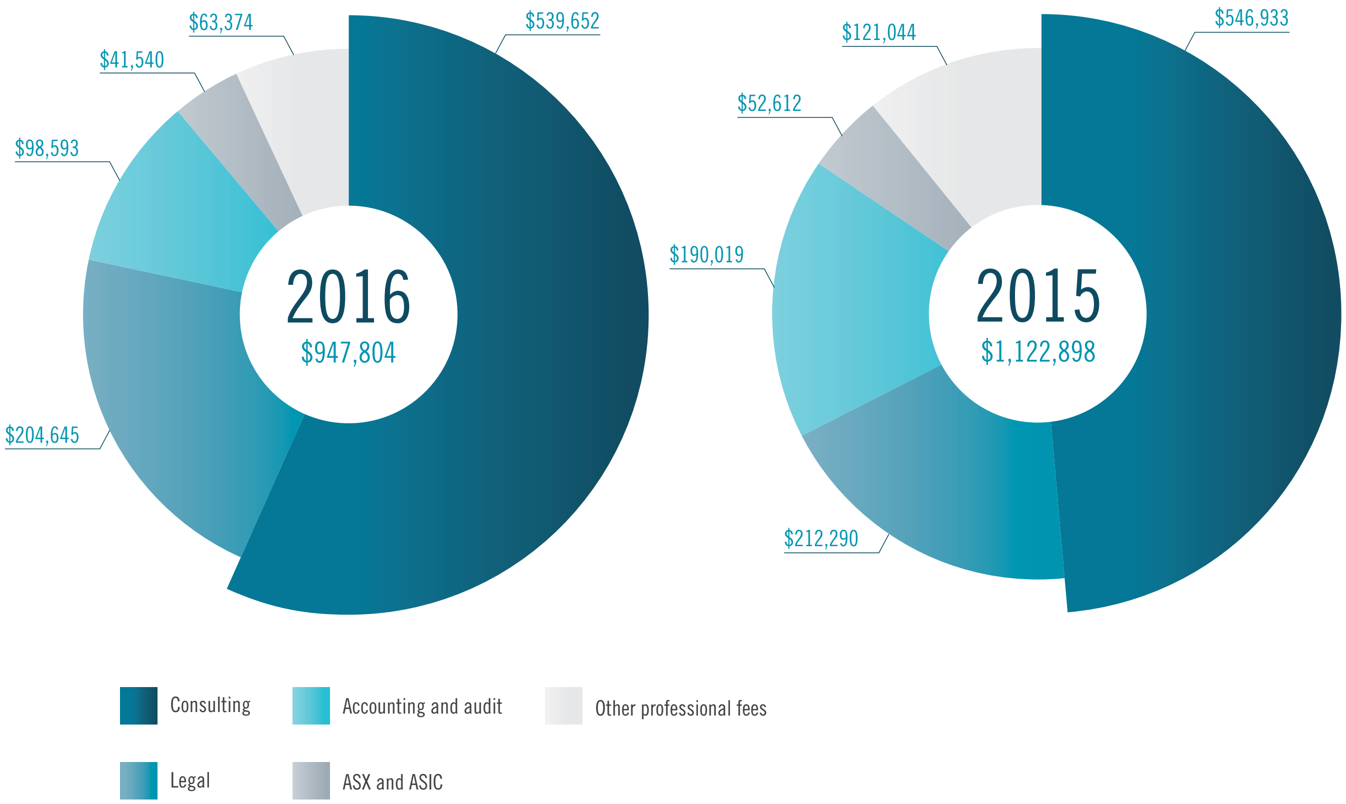
Employee benefits expense





Salaries and wages | Directors' fees | Annual leave expense
Superannuation | Share based payments | Other employee benefits

Professional fees



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

	2016 $	2015 $
Net loss for the period	**(6,674,238)**	**(4,910,678)**
Depreciation	243,276	285,309
Share based payments	350,562	56,127
Non cash - rent incentive	(50,000)	(1,388)
Formation	497	497
Impairment of exploration expenses	1,998,546	8,660
Change in operating assets and liabilities		
Decrease in receivables and prepayments	264,731	85,730
Increase/(Decrease) in trade payables	(150,395)	56,430
Increase in other provisions	37,608	29,244
Net cash outflow from operating activities	**(3,979,413)**	**(4,390,069)**

NOTES TO THE FINANCIAL STATEMENTS

For year ended 30 June 2016

5. Provisions

Provisions	Current provisions		Non current provisions		
	Annual leave $	Long service leave $	Long service leave $	Other provisions $	Total $
Carrying amount as at 1 July 2015	261,597	194,887	50,141	79,166	585,792
Additional provision recognised during the year	136,763	14,743	26,530	-	178,036
Amounts used during the year	(140,427)	-	-	(50,000)	(190,427)
Carrying amount as at 30 June 2016	**257,933**	**209,630**	**76,671**	**29,166**	**573,400**

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.

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:

	2016 $	2015 $
Annual leave obligations expected to be settled after twelve months	154,760	156,958
Current long service leave obligations to be settled after twelve months	194,887	194,887
Total current leave obligations expected to be settled after twelve months	**349,647**	**351,845**

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 2016 (2015: 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	2016 $	2015 $
Loss from continuing operations before income tax benefit	(6,674,238)	(4,910,678)
Tax at the Australian tax rate of 30% (2015: 30%)	(2,002,271)	(1,473,203)
Tax effect of amounts which are not deductible in calculating taxable income	105,477	17,376
Current year tax losses not recognised	1,896,794	1,455,827
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.

CEIP core sample, South Australia

NOTES TO THE FINANCIAL STATEMENTS

For year ended 30 June 2016

Deferred tax assets and liabilities	2016 $	2015 $
The balance of deferred tax assets comprises temporary differences attributable to:		
Tax losses	40,810,711	38,575,975
Business related costs	316,669	511,412
Accrued expenses	207,400	246,744
Total recognised and unrecognised deferred tax assets	**41,334,779**	39,334,131
The balance of deferred tax liabilities comprises temporary differences attributable to:		
Accrued income	371	1,175
Exploration expenditure	34,496,270	33,928,121
Total deferred tax liabilities	**34,496,641**	33,929,296
Net deferred tax assets	6,838,138	5,404,835
Deferred tax assets not recognised	(6,838,138)	(5,404,835)
Net deferred tax assets	-	-

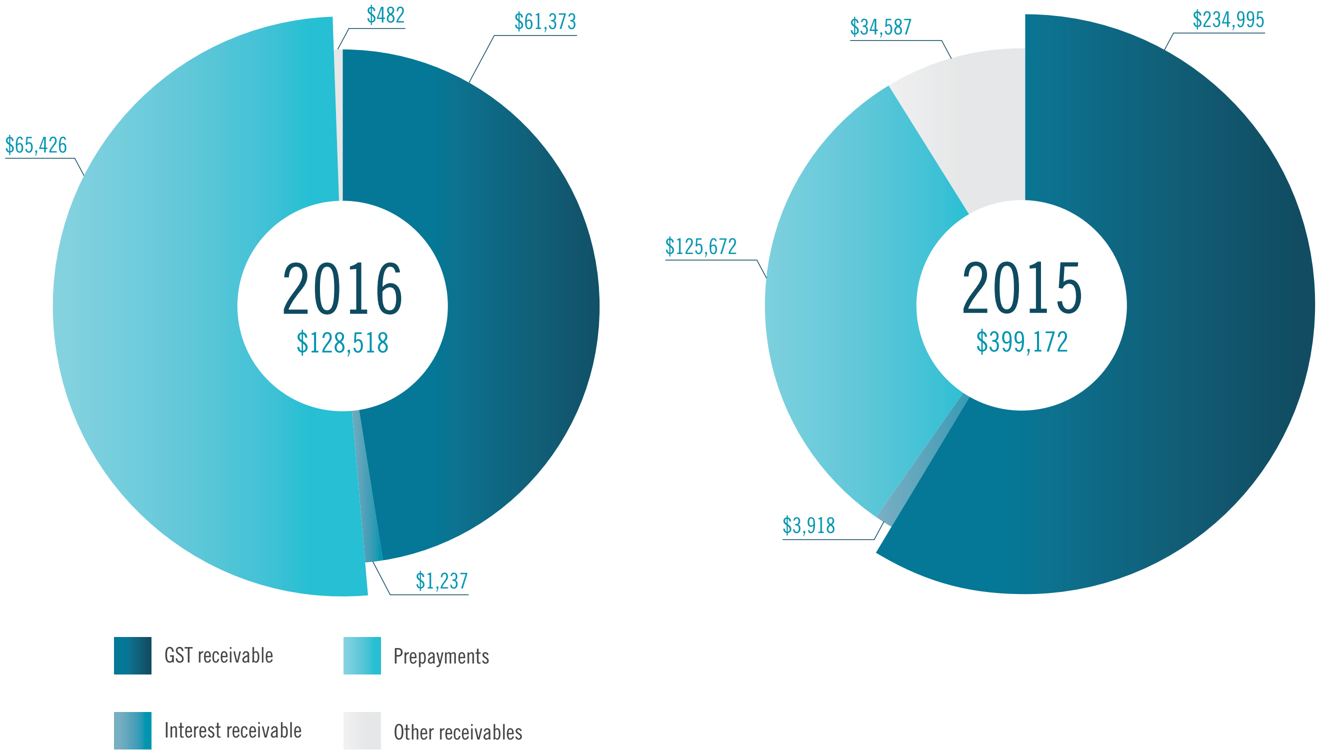
A net deferred tax asset of $6,838,138 (2015: $5,404,835) has not been recognised as it is not probable within the immediate future that taxable profits will be available against which temporary differences and tax losses can be utilised.

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision of income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Stages of grinding media.

7. Receivables and prepayments

Receivables and prepayments for the year ended 30 June 2016 were $128,518 (2015: $399,172) which is largely due to a reduction in prepayments and GST receivable.



As at 30 June 2016, other receivables that were past due or impaired were nil (2015: 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

	2016 $	2015 $
Trade payables	90,291	722,265
Accruals	428,015	667,065
Short term loan facility	4,000,000	-
Other payables	1,142	1,007
Total trade and other payables	**4,519,448**	1,390,337

Trade and other payables for the year ended 30 June 2016 were $4,519,448 (2015: $1,390,337). The Group received $4,000,000 in short term debt finance from its major shareholder, The Sentient Group, which is reflected in other payables. As a result of the successful capital raising programme launched in June 2016, the short term loan facility has been repaid in full.

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 FINANCIAL STATEMENTS

For year ended 30 June 2016

STRUCTURES

9. Controlled entities

Iron Road Limited has the following subsidiaries, all of which are 100% owned (2015: 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 Holdings Pty Ltd

IRD Rail Assets Holdings Pty Ltd

Eyre Properties 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

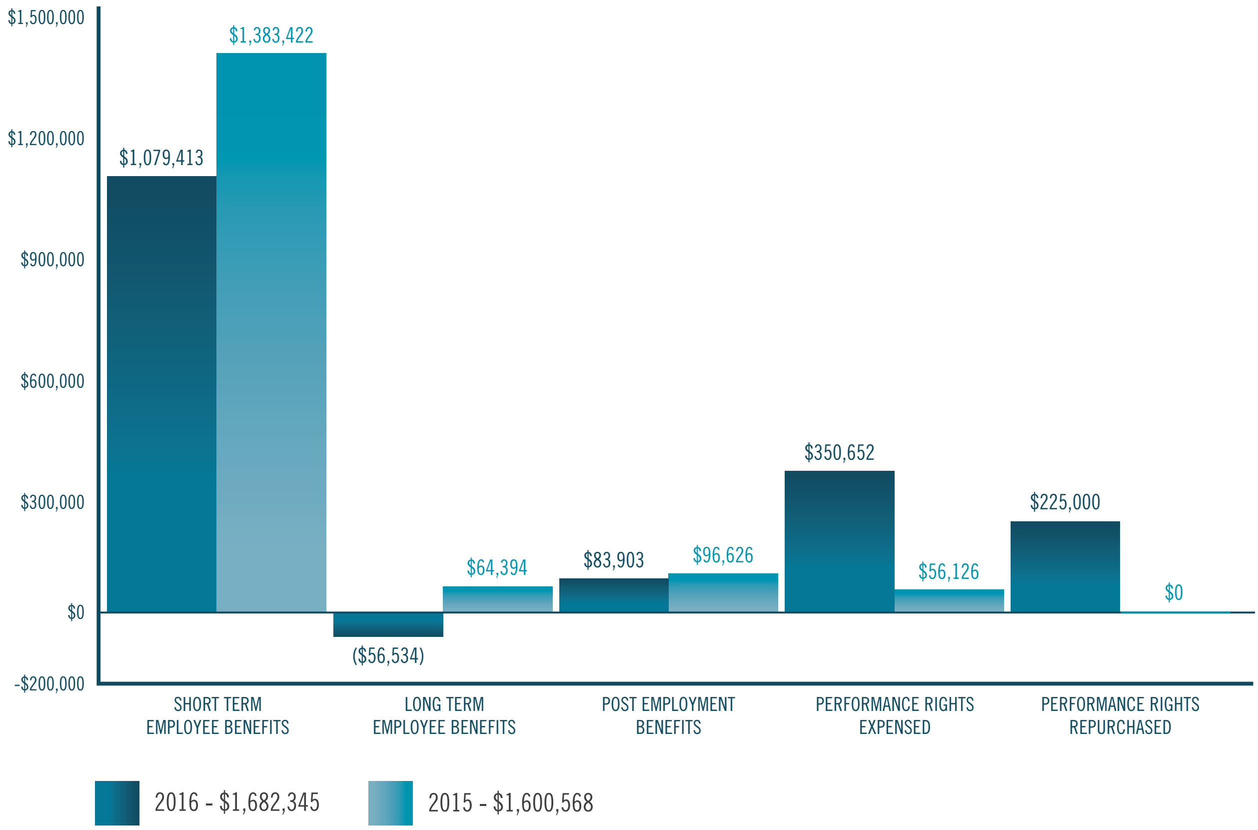
10. Segment information

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 Group (incorporated in the Cayman Islands) which at 30 June 2016 owned 71.56% (2015: 72.85%) of the issued ordinary shares of Iron Road Limited. With the finalisation of a capital raising programme in July 2016, ownership now stands at 73.73%

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



Detailed remuneration disclosures are provided in the Remuneration Report on page 16.

The following additional transactions occurred with The Sentient Group:

	2016 $	2015 $
Reimbursement of travel related expenditure	42,902	60,131
Directors fees	37,739	54,500
Capital raising costs	64,185	-
Consulting fees	151,443	248,029
Total	**296,269**	**362,660**

Of the above, $37,686 (2015: $13,625) remained outstanding as at 30 June 2016 and has been disclosed within trade payables. All transactions were made on standard commercial terms and conditions and at market rates.

12. Parent entity information

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

	2016 $	2015 $
ASSETS		
Total current assets	**12,009,931**	14,918,850
Total non-current assets	**118,084,012**	117,799,296
Total assets	**130,093,943**	132,718,146
LIABILITIES		
Total current liabilities	**4,987,010**	1,846,821
Total non-current liabilities	**105,838**	129,308
Total liabilities	**5,092,847**	1,976,129
Net assets	**125,001,096**	130,742,017
EQUITY		
Issued capital	**152,423,991**	151,676,845
Reserves	**4,939,698**	4,814,136
Accumulated losses	**(32,362,594)**	(25,748,964)
Total equity	**125,001,096**	130,742,017
Loss for the year	**(6,613,630)**	(4,847,121)
Total comprehensive loss for the year	**(6,613,630)**	(4,847,121)

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 2016 and has no contingent liabilities as at 30 June 2016.

CAPITAL

13. Equity and reserves

Share capital

	2016 $	2016 Shares
Opening balance 1 July 2015 - Ordinary shares fully paid	**151,676,845**	**581,936,904**
Shares issued as part of institutional placement	1,051,800	10,518,000
Cost of capital raising	(304,654)	-
Balance 30 June 2016	**152,423,991**	**592,454,904**

At 30 June 2016, 10,518,000 shares were issued to institutional shareholders under a capital raising programme. An additional 85,099,382 shares were issued during July 2016 to complete the programme.

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.

Fine tailings from the CEIP

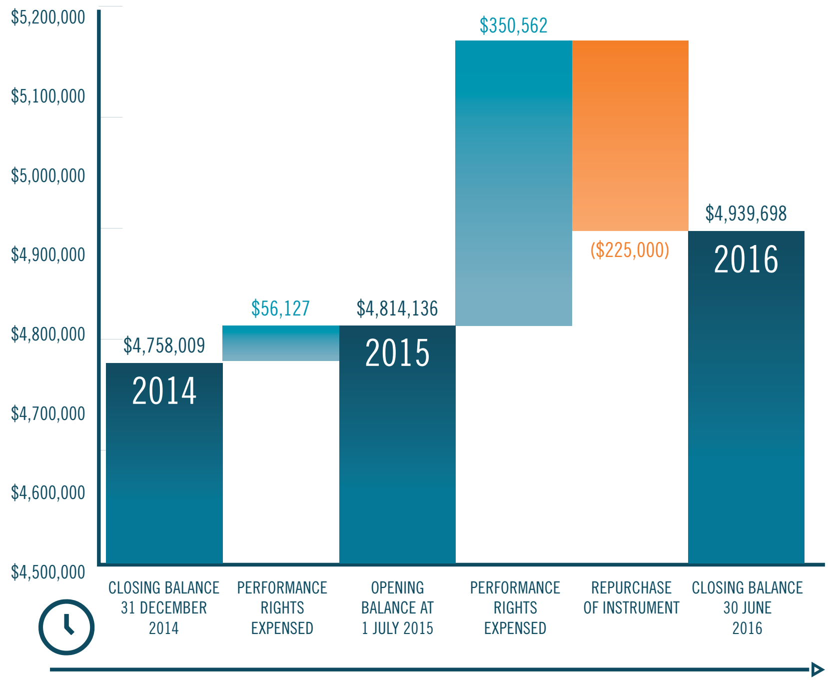
NOTES TO THE FINANCIAL STATEMENTS

For year ended 30 June 2016

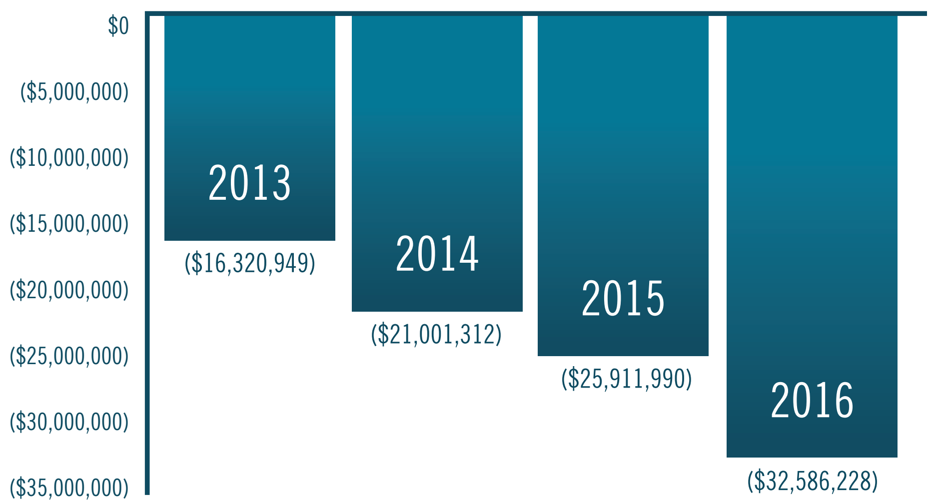
Reserves

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, 1,750,000 performance rights were repurchased by Iron Road at a cost of $225,000.



Accumulated losses



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.

Employee Option Plan

As detailed in both the 2008 and 2009 Notices of Annual General Meeting and Explanatory Statements, the Board of directors approved an employee share option plan for directors. This was broadened to include Iron Road Limited's employees, as approved by shareholders at the General Meeting on 25 July 2011.

There were no options granted or exercised during the reporting period ended 30 June 2016, with all options expensed in prior periods.

The weighted average remaining contractual life of options outstanding at 30 June 2016 is 0.07 years (2015: 1.073 years), with remaining options expired on 25 July 2016.

Set out below is a summary of options under the plan:

Grant date	Expiry date	Exercise price	Balance at start of period	Expired/ forfeited during the year	Balance at end of period	Vested and exercisable at end of period
30 June 2016						
Director options						
25 July 2011	25 July 2016	$0.9926	500,000	-	500,000	500,000
Total			**500,000**	**-**	**500,000**	**500,000**
Weighted average exercise price			**$0.9926**	**-**	**$0.9926**	**$0.9926**
30 June 2015						
Director options						
23 December 2009	15 December 2014	$0.1926	625,000	625,000	-	-
23 December 2009	15 December 2014	$0.2426	625,000	625,000	-	-
23 December 2009	15 December 2014	$0.2926	625,000	625,000	-	-
23 December 2009	15 December 2014	$0.3426	625,000	625,000	-	-
25 July 2011	25 July 2016	$0.9926	500,000	-	500,000	500,000
Total			**3,000,000**	**2,500,000**	**500,000**	**500,000**
Weighted average exercise price			**$0.3884**	**0.22**	**$0.9926**	**$0.9926**

NOTES TO THE FINANCIAL STATEMENTS

For year ended 30 June 2016

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. A participant 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 are 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.

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 2016							
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	-
23 December 2014	13 January 2020	$0.16	1,750,000	-	(1,750,000)	-	-
Total			**6,750,000**	**-**	**(1,750,000)**	**5,000,000**	**-**
30 June 2015							
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	-
23 December 2014	13 January 2020	$0.16	-	1,750,000	-	1,750,000	-
23 December 2014	13 January 2020	$0.16	-	1,300,000	(1,300,000)	-	-
Total			**-**	**8,050,000**	**(1,300,000)**	**6,750,000**	**-**

There were no rights granted or exercised during the reporting period ended 30 June 2016 and the weighted average remaining contractual life of all rights at this date is 3.51 years (2015: 4.52).

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

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.

	2016 cents	2015 cents
Total basic loss per share attributable to the ordinary equity owners of the company	**(1.16)**	(0.86)
Total diluted loss per share attributable to the ordinary equity owners of the company	**(1.16)**	(0.86)
Loss from continuing operations attributable to the members of the group used in calculating basic earnings per share:	**(6,674,238)**	(4,910,678)

Weighted average number of shares used as the denominator is 575,272,972 in 2016 (2015: 572,037,214).

CEIP coarse tailings, South Australia

NOTES TO THE FINANCIAL STATEMENTS

For year ended 30 June 2016

ADDITIONAL INFORMATION

16. Remuneration of auditors

During the year ended 30 June 2016, total fees paid or payable for services provided by PricewaterhouseCoopers and its related practices were as follows:

PricewaterhouseCoopers (Australia)	2016 $	2015 $
Total remuneration for audit and other assurance services	62,092	57,120
Total remuneration for tax services	11,501	23,226
Total remuneration of PricewaterhouseCoopers (Australia)	**73,593**	80,346

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 23 September 2016. 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

The directors have prepared the financial statements on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a net loss of $6,674,238 for the year (2015: $4,910,678). With cash reserves as at 30 June 2016 of $858,413, a capital raising programme was launched in June 2016 with gross proceeds of $9,561,738 raised. Management are confident that this additional funding will enable the Group to continue to meet its obligations as and when they fall due. Accordingly, the directors believe that the going concern assumption is appropriate.

(v) New standards and interpretations not yet adopted.

There are no standards that are not yet effective and that are expected to have a material impact on the entity 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 2016 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.

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)

(ii) Taxation (note 6)

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 $1,076,931 (2015: $4,112,334).

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:

	2016 $	2015 $
Counterparties without an external credit rating:		
Financial assets with no default in the past	**128,518**	399,172
Cash at bank and fixed term deposits with a credit rating:		
AA-	**921,493**	3,686,107
A	**26,920**	27,055
Total	**1,076,931**	4,112,334

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 $4,000,000 during the year ended 30 June 2016, which has been disclosed in trade and other payables. As a result of recent capital raising activities, the debt has subsequently been fully repaid in July 2016.

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 2016			
Trade and other payables	4,519,448	4,519,448	4,519,448
Total non-derivatives	**4,519,448**	**4,519,448**	**4,519,448**
At 30 June 2015			
Trade and other payables	1,390,337	1,390,337	1,390,337
Total non-derivatives	**1,390,337**	**1,390,337**	**1,390,337**

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 2016 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 FINANCIAL STATEMENTS

For year ended 30 June 2016

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	2016 $	2015 $
Within one year	67,168	453,333
Later than one year but no later than five years	-	976,667
Total exploration expenditure commitments	**67,168**	**1,430,000**

The Groups interest in mining tenements is as follows:

South Australia	Tenement Reference	Interest
Warramboo	EL4849	100%
Lock	EL5496	100%
Mulgathing	EL5298	90% Iron Ore rights

Lease commitments

The Group leases an office in Adelaide which is due to expire in 2017. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The total commitments for minimum payments in relation to operating leases for the year ended 30 June 2016 were $265,923 (2015: $648,128) and are categorised as follows:

Operating Lease commitments	2016 $	2015 $
Within one year	265,923	416,065
Later than one year but no later than five years	-	232,063
Total lease commitments	**265,923**	648,128

Capital commitments

There were no outstanding contractual commitments as at 30 June 2016.

20. Contingencies

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

21. Events after reporting date

Since 30 June 2016, a successful capital raising programme has been completed with gross proceeds of $9,561,738 received. These funds have been used to repay the short term debt facility in full, leaving Iron Road Limited in a debt free position to take the CEIP to a final investment decision with project development partner China Railway Group Limited.

DIRECTORS' DECLARATION

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 2016 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 2016, 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
27 September 2016

INDEPENDENT AUDITOR'S REPORT

pwc

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

Report on the financial report

We have audited the accompanying financial report of Iron Road Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Iron Road Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 17, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Level 11, 70 Franklin Street, ADELAIDE SA 5000, GPO Box 418, ADELAIDE SA 5001
T: +61 8 8218 7000, F: +61 8 8218 7999, www.pwc.com.au

Auditor's opinion

In our opinion:

(a) the financial report of Iron Road Limited is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 17.

Report on the Remuneration Report

We have audited the remuneration report included in pages 16 to 21 of the directors' report for the year ended 30 June 2016. 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.

Auditor's opinion

In our opinion, the remuneration report of Iron Road Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Andrew Forman
Partner

Adelaide
27 September 2016

ASX ADDITIONAL INFORMATION

For year ended 30 June 2016

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 16 September 2016.

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	186	87,827	0.01%
1,001-5,000	456	1,333,276	0.20%
5,001-10,000	277	2,221,407	0.33%
10,001-100,000	625	20,442,251	3.02%
100,001 and over	135	653,469,525	96.45%
Total holdings on register	**1,679**	**677,554,286**	**100.00%**

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*	National Nominees Limited	560,893,836	82.78%
2	HSBC Custody Nominees Australia Limited	16,503,642	2.44%
3	SANBA II Inv Company	9,861,112	1.46%
4*	DEVIPO Pty Ltd	5,723,559	0.84%
5*	Cedarose Pty Ltd	4,535,624	0.67%
6	SEISUN Capital Pty Ltd	3,874,028	0.57%
7	Bond Street Custodians Limited	3,211,716	0.47%
8	Paul, Geoffrey John	2,919,450	0.43%
9	Anderson, CM & SM	2,900,000	0.43%
10	ABN AMRO Clearing Sydney	2,823,796	0.42%
11	Citicorp Nominees Pty Ltd	2,720,626	0.40%
12	Stonecot Pty Ltd	2,005,000	0.30%
13	Leadville Investments Pty Ltd	1,500,000	0.22%
14	JP Morgan Nominees Australia Limited	1,486,654	0.22%
15*	Stocks, Claire Margaret	1,442,657	0.21%
16*	Stocks, Andrew James	1,442,656	0.21%
17*	Kiritsopoulos A and Ford J	1,250,000	0.18%
18	Faltas Abraham	1,000,360	0.15%
19	JJ Fennell Nominees Pty Ltd	918,850	0.14%
20	Rilat Lty Ltd	890,000	0.13%
	Total	**627,903,566**	**92.67%**

* denotes merged holders

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	418,881,392
Total holding	**499,570,990**

Voting rights

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

Iron concentrate from the CEIP, South Australia

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CEIP core samples

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