2018 ANNUAL REPORT

FOR THE YEAR ENDED
30 JUNE 2018

ABN 51 128 698 108

IRON ROAD

CORPORATE DIRECTORY

Directors

Peter Cassidy
Chairman

Andrew Stocks
Managing Director

Jerry Ellis AO
Non-Executive Director

Leigh Hall AM
Non-Executive Director

Glen Chipman
Non-Executive Director

Ian Hume
Non-Executive Director

General Manager
Larry Ingle

Company Secretary
Jaroslaw (Jarek) Kopias

Share Registry
Security Transfer Registrars
770 Canning Highway
Applecross WA 6153
Telephone 08 9315 2333
registrar@securitytransfer.com.au

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

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

Registered Office
Iron Road House
Level 6, 30 Currie Street
Adelaide SA 5000
Telephone 08 8214 4400

Postal Address
GPO Box 1164
Adelaide SA 5001

ASX Code IRD

www.ironroadlimited.com.au
admin@ironroadlimited.com.au

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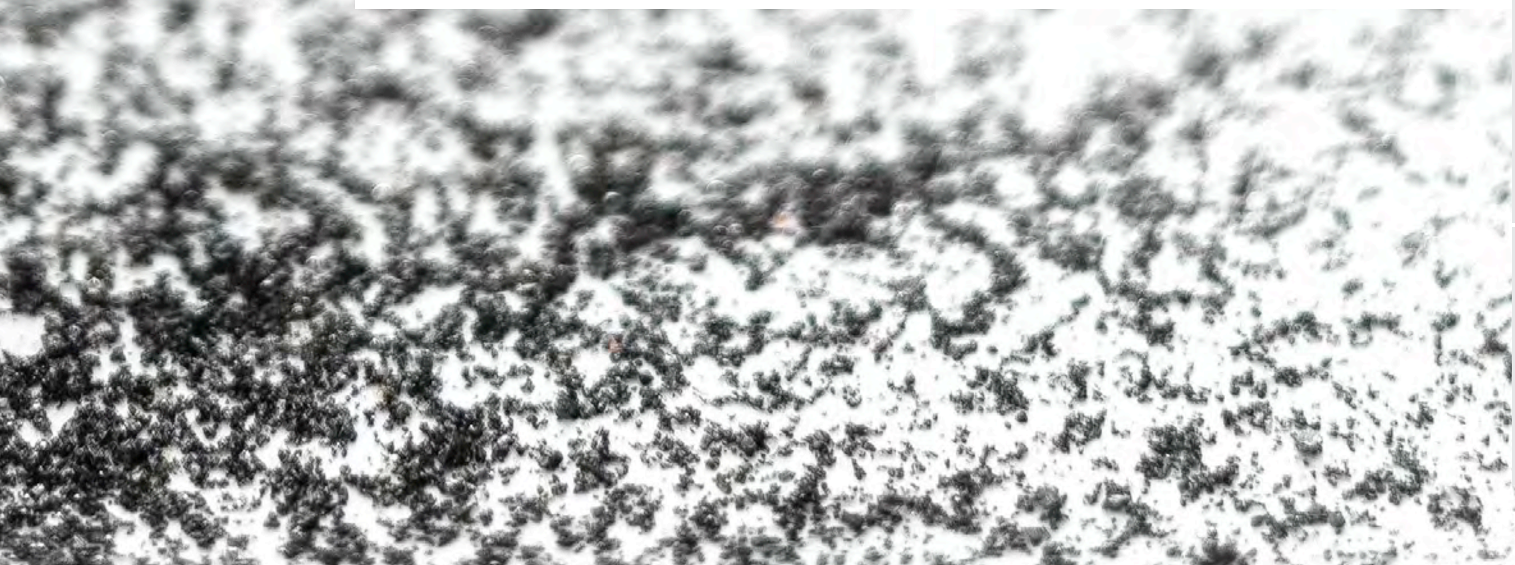


CHAIRMAN'S LETTER

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 2018.

Dear Shareholder

Iron Road continued to advance the Central Eyre Iron Project (CEIP) during the year. The team incorporated several significant enhancements, such as bringing forward iron concentrate production in the mine plan as well as continuing to progress through the government approvals processes. Secondary approval submissions were made to the Government of South Australia in late 2017 and the final primary approval was granted by the Federal Government in March 2018.

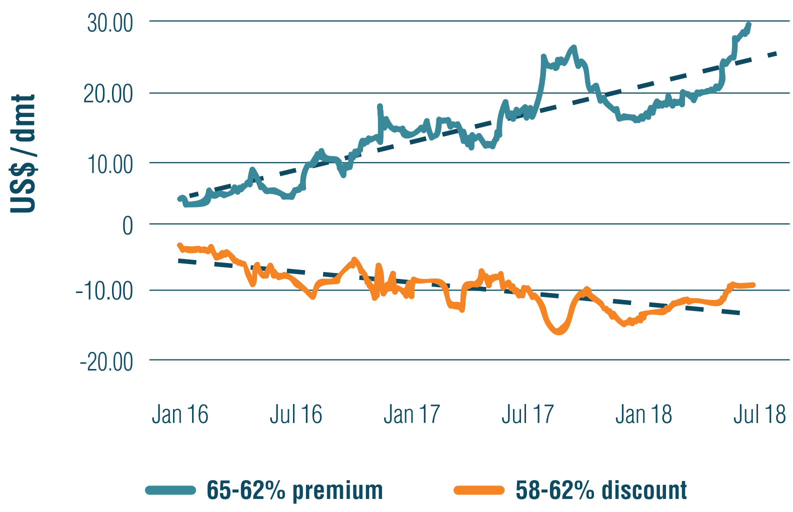
Following on from the project commercialisation programme with China Railway Group, the two teams moved onto development of the delivery strategy and draft construction agreements. Despite achieving novel outcomes beneficial to both parties, certain aspects have been drawn-out and progress in general has been slow. As a consequence, Iron Road continues to seek out and engage with other potential partners and investors with an interest in the Company and the CEIP alongside the development of a 'grain first' export strategy.

Our continual commitment to communities builds understanding of the challenges presented by change and is expected to ultimately deliver tangible benefits. An example of this is the grain first strategy, where we are working closely with Eyre Peninsula Cooperative Bulk Handling (EPCBH), a recently established grain cooperative, to assess the viability of developing a new grain distribution and supply chain network based at the Cape Hardy port. If successful, the port would be developed ahead of the mining and beneficiation business.

The iron ore market continues its evolution towards premium products, with higher and lower quality products continuing to diverge further from the 62% iron benchmark price. Despite the benchmark prices oscillating recently in the range US$60-70/dmt, index prices for iron ore with 65% iron content have continued to trend higher. Furthermore, realised prices for below benchmark grade products have been impaired by discounts for high levels of impurities.

When considered in isolation, iron ore benchmark prices persisting below US$70/dmt are unlikely to incentivise greenfield mine developments requiring associated route-to-market infrastructure. However, strong price premiums for high quality iron concentrates and pellet feed, such as CEIP concentrate, remains a positive market trend that is increasingly being acknowledged as sustainable and reflective of a structural and environmentally-driven Chinese steel industry shift.

The Growing Preference for Quality



Source: Platts and Metal Bulletin

As at July 2018, 65% iron prices exceed Iron Road's long-term modelled price assumption for CEIP's higher quality 66.7% iron concentrate.

I would like to take this opportunity to thank my fellow directors and our staff for their significant contributions to Iron Road, with special thanks to director Julian Gosse who stepped down from the Board after nine years of service. I also thank you, our shareholders, for your continued support during the year.

Peter Cassidy
Chairman

OPERATIONS REPORT

Location of the CEIP, showing the mine, infrastructure corridor and port

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.

The CEIP will 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 planned 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 a new credible and cost competitive iron concentrate export and infrastructure business, unlocking significant benefits well beyond the life of the mining and ore processing operations. The proposed deep water port at Cape Hardy, capable of handling Cape class bulk cargo vessels, alongside a substantial heavy haulage railway, will be a first for South Australia and a radical improvement on the State's existing infrastructure base.

Iron Road is also pursuing a 'grain first' export strategy that envisages the staged construction and commissioning of a globally competitive grain terminal and export facility at Cape Hardy.

OPERATIONS REPORT

CENTRAL EYRE IRON PROJECT (CEIP, IRD 100%)

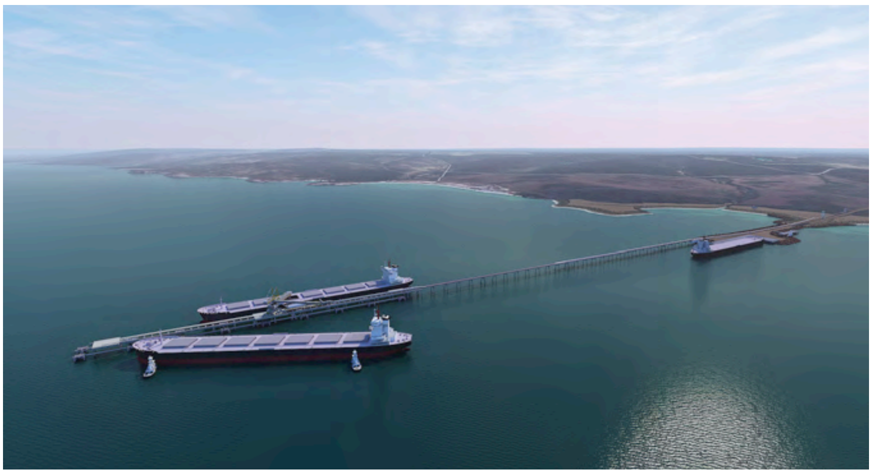
Project Commercialisation Programme

A detailed Project Commercialisation Programme has been carried out by Iron Road and China Railway Group Limited (CREC), one of the world's largest construction companies, resulting in the identification of capital savings of approximately US$295 million. The Iron Road and CREC teams have since moved into detailed discussions in relation to the construction framework. The AS4300 Design and Construct contract structure was selected as the basis for the contract between the two parties for the delivery of the CEIP. Iron Road and CREC are in negotiations over those parts of the contract linked to the commercial aspects of the Project, including financing.

Progress has slowed and anticipated initial equity commitments by CREC have been delayed in part due to sustained Chinese government controls on outbound investment until at least all necessary regulatory processes have been completed. Iron Road has made considerable efforts to manage this challenge and continues to work closely with CREC to realise a satisfactory outcome. As a consequence, Iron Road is also exploring other avenues to unlock value in the CEIP through continued engagement with alternative potential partners and investors. This includes a re-examination of further reduced capital options through staged and scalable development and providing a reduced initial funding requirement to produce well over half a billion tonnes of concentrate (66.7% iron) defined in the CEIP life-of-mine schedule (previously disclosed to the market October 2015).

A review of the mine plan and schedule by Thiess-RWE focused on opportunities relating to early ore access and optimisation of the mining equipment system design and set-up. Results from this work were beneficial and have brought iron concentrate production forward two years. The review also reduced the upfront mine capital requirement by US$130 million to US$965 million.

In-house engineering studies have continued with reviews of all model assumptions and further calculations to support flowsheet design undertaken. Discussions with various equipment suppliers continue, ensuring the project design is evolving with technological developments.



Cape Hardy Port artistic impression

Grain First Export Strategy

In November 2017, a Memorandum of Understanding (MoU) was signed with Eyre Peninsula Cooperative Bulk Handling (EPCBH) with a view to establishing a grains export business with facilities at Cape Hardy, thereby increasing competitiveness of the Eyre Peninsula's grain industry. This relationship is complementary to the existing partnership with Emerald Grain, a wholly owned subsidiary of Sumitomo.

This follows on from the Registration of Preliminary Interest process undertaken by Regional Development Australia Whyalla and Eyre Peninsula (RDAWEP) on behalf of Iron Road during the period December 2016 – August 2017. The level of interest shown by companies from a wide range of industries was encouraging and confirmed Iron Road's opinion that the Cape Hardy precinct is well placed to serve as a genuine, multi-user, bulk-commodity and general goods export/import facility.

The 'grain first' export strategy may be implemented prior to iron concentrate export and options are currently being assessed and costed, including the development of a new grain distribution and supply chain network. Preliminary engineering work has been undertaken in-house by Iron Road, supplemented by more detailed work by others. The additional government approvals required, over those already secured for the CEIP, have been identified.

OPERATIONS REPORT

CENTRAL EYRE IRON PROJECT (CEIP, IRD 100%)

Project Approvals & Environmental

Primary approvals

The final major approval required for the CEIP was obtained in March 2018 when the Federal Minister for the Environment and Energy provided Iron Road with an approval decision pursuant to the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC). Iron Road was notified in July 2014 that consent would be required in relation to the proposed Cape Hardy port by reason of increased shipping movements in the Spencer Gulf to potentially impact the Southern Right Whale population.

The approval is subject to conditions and has effect until 31 December 2046. Details may be viewed or downloaded from Iron Road's website.

A condition of both Iron Road's Mineral Lease and Development Approval require the Company to prepare a Social Management Plan (SMP) to confirm that all strategies, initiatives and commitments made in the application documents are addressed. These include a range of important matters such as health, education, training, employment, housing affordability, safety and security and opportunities for local businesses.

Iron Road is preparing a draft SMP for consultation with stakeholders, including relevant government agencies and impacted District Councils. The Community Engagement Plan (CEP) has supported the Company's engagement activities for the CEIP since 2011. The CEP has evolved through regular reviews, taking into consideration local knowledge and stakeholder feedback as well as the South Australian Government's *"Guidelines for Developing a Community Engagement Plan for Mining Operations"*.

A condition of ML 6467 is that the Company's CEP must be submitted to the Director of Mines for approval. Iron Road sought comment on an updated CEP from community members and other stakeholders and the final version was approved by the Director of Mines in October 2017. A copy may be viewed or downloaded from Iron Road's website.

Secondary approvals

Iron Road's Program for Environment Protection and Rehabilitation (PEPR) in relation to the Mineral Lease was submitted to the South Australian government in December 2017. Stakeholder consultation on the PEPR had been undertaken during August and September 2017 and comments received, where relevant, were incorporated.

A Construction Environmental Management Plan (CEMP) for the CEIP infrastructure components was also submitted for assessment by government agencies in late 2017. A draft CEMP had formed part of Iron Road's Environmental Impact Statement (dated 5 November 2015) and this was used as the basis for a more comprehensive document that took into account comments received from stakeholders during the statutory consultation period. The CEMP was also updated to include all relevant conditions of the Development Approval, granted on 3 May 2017.

Community & Stakeholder Engagement

Iron Road held open day sessions in Wudinna to provide opportunity for stakeholders to hear more about the PEPR that the Company was preparing in relation to ML 6467. In addition, all households and businesses (550) within the Wudinna District Council area were provided with a PEPR summary document and invited to attend an information session and/or meet one-on-one with the Company.

Iron Road continues to liaise with the Wudinna District Council on the establishment of a Council led CEIP Community Development Group, as it will be an important forum for all stakeholders. In addition, all four impacted District Councils (Wudinna, Kimba, Cleve and Tumby Bay) met with Iron Road staff for an update on the CEIP and to discuss working relationships.

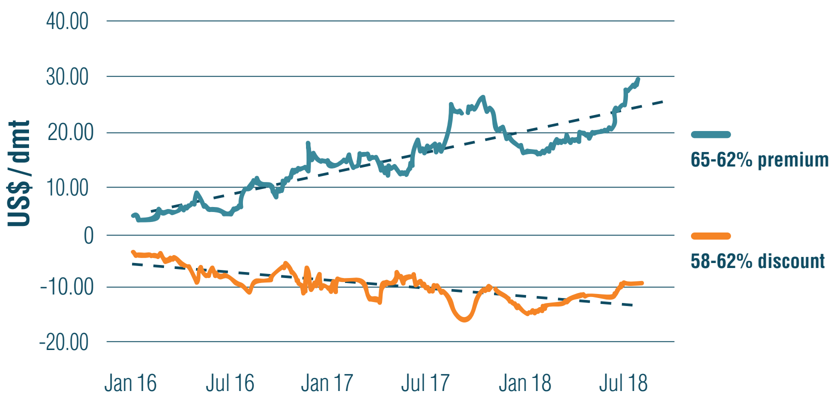
During the past 12 months presentations were made to the Resources Infrastructure and Investment Task Force and to the CEIP Task Force that was established by the previous State government in December 2017. The purpose of the CEIP Task Force is to explore all third party opportunities the Project may provide, particularly for the people of the Eyre Peninsula. CEIP Task Force members have made several visits to the project area.

Iron Road presented at the annual Eyre Peninsula Local Government Association (EPLGA) conference in Port Lincoln in February 2018, focussing on the proposed port at Cape Hardy and the implications of the development for the region. Presentations were also made at various forums, with feedback indicating significant support for Cape Hardy, particularly as a staged development. Following the EPLGA conference, the 11 member Councils passed a motion supporting Cape Hardy as the most suitable location for a new multi-commodity deep-sea port on the Spencer Gulf.

OPERATIONS REPORT

CENTRAL EYRE IRON PROJECT (CEIP, IRD 100%)

Iron Ore Market



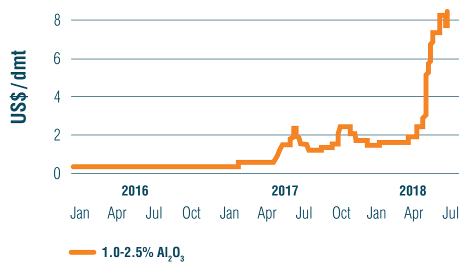
*65% premium and 58% discount to benchmark 62% iron ore**

Iron ore purchasers continue to transition to premium products, with a strong preference for low impurity steel inputs. Driving this transition is China's efforts to reduce pollution and steel manufacturing capacity, while maintaining or increasing steel production levels. High quality ores enable steel mills to improve production and reduce coke usage.

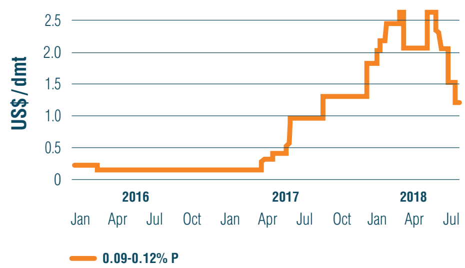
Despite the benchmark price recently oscillating in the range US$60-70/dmt, index prices for iron ore with 65% iron content trend higher and realised prices for below benchmark grade products are being further impaired by discounts for high levels of impurities.

The Company believes that, when considered in isolation, iron ore benchmark prices persisting below US$70/dmt are unlikely to incentivise greenfield mine developments requiring associated route-to-market infrastructure. However, the strong price premiums realised for high quality iron concentrates and pellet feed, such as CEIP concentrate, remains a positive market trend that is increasingly being acknowledged as sustainable and reflective of a structural Chinese steel industry shift.

As at July 2018, 65% iron prices exceed Iron Road's long-term modelled price assumption for CEIP's higher quality 66.7% iron concentrate.



*Penalty differential per 1% alumina**



*Penalty differential per 0.01% phosphorus**
Note - Source: Platts and Metal Bulletin*

CEIP Indicative Concentrate Specification – 106 micron (P_{80})			
Iron (Fe)	Silica (SiO_2)	Alumina (Al_2O_3)	Phosphorous (P)
66.7%	3.36%	1.90%	0.009%

Corporate

During March 2018 the Iron Road Board announced the appointment of Mr Glen Chipman as Non-Executive Director. The appointment coincided with the resignation of Mr Julian Gosse as a Non-Executive Director. Mr Chipman is a private equity investment professional at Sentient Equity Partners and represents Iron Road's major shareholder, the Sentient Global Resources Funds. Since 2013 he has been engaged with Iron Road management in the areas of project optimisation, commercial evaluation, business development, capital raising and finance planning activities.

The Company was encouraged by the broad and open support for Iron Road's plans by the major political parties in the lead up to the 17 March 2018 South Australian general election. The newly elected State Government plans to draft enabling legislation, expected to be enacted by September 2018, allowing Infrastructure South Australia to assess, plan and coordinate major infrastructure projects in South Australia. Of the ten major projects identified is a grain/minerals port on the Eyre Peninsula.

Iron Road received A$3 million in debt finance from the Sentient Group that attracts a zero rate of interest and does not bear any fees. Although progress in formalising strategic project partner equity investment has been slower than anticipated, Sentient remains encouraged by levels of engagement, further CEIP capital cost reduction opportunities and other critical project de-risking activities.

With major studies and primary project approvals complete and secondary approvals submitted to the State Government for assessment, Iron Road has reduced corporate and administrative overheads, significantly reducing annual spend.

OPERATIONS REPORT

GAWLER IRON PROJECT (GIP, IRD 81-90% OF THE IRON RIGHTS)

Collection from dust deposition gauge near proposed mine site at Warramboo

Gawler Iron Project (GIP, IRD 81-90% 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 iron concentrate using a simple beneficiation process. Final rehabilitation obligations relating to various drill sites and an exploration camp were met early in 2018.

Iron Road has been working with Challenger Gold Operations Pty Ltd and Tyranna Resources Limited to formalise a Gawler Joint Venture in relation to the GIP.

Management continue to focus all efforts on the CEIP and as such minimal evaluation activity has been conducted on the GIP.

OPERATIONS REPORT

GLOBAL MINERAL RESOURCE AND ORE RESERVES STATEMENT

CEIP Ore Reserve Summary 2017 and 2018				
Resource Classification	Dry Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)
Proved	2,131	15.55	53.78	12.85
Probable	1,550	14.40	53.58	12.64
Total	**3,681**	**15.07**	**53.70**	**12.76**

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

CEIP Global Mineral Resource 2017 and 2018							
Location	**Classification**	**Tonnes (Mt)**	**Fe (%)**	**SiO_2 (%)**	**Al_2O_3 (%)**	**P (%)**	**LOI (%)**
Murphy South/Rob Roy	Measured	2,222	15.69	53.70	12.84	0.08	4.5
	Indicated	474	15.6	53.7	12.8	0.08	4.5
	Inferred	667	16	53	12	0.08	4.3
Boo-Loo/Dolphin	Indicated	796	16.0	53.3	12.2	0.07	0.6
	Inferred	351	17	53	12	0.09	0.7
Total		**4,510**	**16**	**53**	**13**	**0.08**	**3.5**

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

CEIP Indicative Concentrate Specification – 106 micron (P_{80})*			
Iron (Fe)	Silica (SiO_2)	Alumina (Al_2O_3)	Phosphorous (P)
66.7%	3.36%	1.90%	0.009%

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

DIRECTORS' REPORT

Above: Proposed port precinct located at Cape Hardy, Spencer Gulf

Right: Larry Ingle, General Manager and Tim Scholz, Principal Advisor – Stakeholder Engagement

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 2018.

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

Directors and Company Secretary

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

Peter Cassidy

Andrew Stocks

Jerry Ellis AO

Leigh Hall AM

Ian Hume

Glen Chipman – appointed director 26 March 2018

Jaroslaw Kopias – Company Secretary

Julian Gosse – resigned as director 26 March 2018

Principal activities

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

Dividends

No dividends were paid, declared or recommended during the year ended 30 June 2018.

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 14 September 2018 and can be viewed at **www.ironroadlimited.com.au/about-us/corporate-governance.**

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations and activities on page 22 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

The Group received $800,000 in short term debt finance from its major shareholder, The Sentient Group in July 2018. The loan attracts nil interest and is repayable in March 2019.

On 5 September 2018 the Group announced a 1 for 30 non-renounceable rights issue at $0.075 per share to raise up to $1.7 million. Iron Road's largest shareholder, Sentient Fund IV, has undertaken to participate fully in the issue with the aggregate amount of approximately $1.0 million to be received from Sentient Fund IV. The rights issue opened on 12 September 2018 and closes on 9 October 2018.

Likely developments and expectedresults 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 the 26 August 2014. The Group has reviewed its energy consumption and greenhouse gas emissions for the reporting year, with both found to be below the reporting threshold as specified within the National Greenhouse and Energy Reporting Act 2007 (Cth) (NGER).

DIRECTORS' REPORT

Peter Cassidy

Chairman

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

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

Andrew Stocks

Managing Director

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

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

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

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

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

» MBD Energy Limited

DIRECTORS' REPORT

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*

Ian Hume

Non-executive director

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

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

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

» Golden Minerals Company*

» Silver City Minerals Limited

» African Energy Resources Limited*

** denotes current directorships*

Glen Chipman

Non-executive director

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

Prior to joining Sentient in 2012 Mr Chipman was a sell-side analyst with Bank of America Merrill Lynch and Citi covering global diversified miners as well as mid-tier and smaller capitalised companies in the natural resources industry. He has a chemical engineering background and over 15 years of combined industry, commodity and equity capital markets experience.

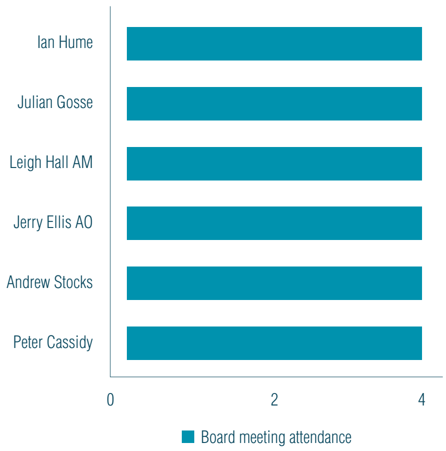
In the three years immediately prior to the end of the financial year, Mr Chipman served as a director of the following company:

» Ferrous Resources Limited*

** denotes current directorship*

Meetings of directors

There were four board meetings held during the year ended 30 June 2018 with attendance as follows:



Glen Chipman was appointed a director after the final board meeting for the year.

Remuneration report

The directors present the Iron Road Limited 2018 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's
- **e)** Contractual arrangements for executive KMP's
- **f)** Non-executive director arrangements
- **g)** Additional statutory information

a) Key management personnel covered in this report

Executive and Non-executive directors:

Peter Cassidy – Chairman

Andrew Stocks – Managing director

Jerry Ellis AO – Non-executive director

Leigh Hall AM – Non-executive director

Ian Hume – Non-executive director

Glen Chipman – Non-executive director (appointed 26 March 2018)

Julian Gosse – Non-executive director (resigned 26 March 2018)

Other key management personnel:

Larry Ingle – General Manager

b) Remuneration policy and link to performance

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

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

The Board sought shareholder approval for an Equity Incentive 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).

DIRECTORS' REPORT
REMUNERATION REPORT

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

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

Statutory performance indicators

The Board aims to align executive remuneration to strategic and business objectives. As required by the *Corporations Act 2001* (Cth), the figures 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 2018, fixed remuneration of executives and KMP remained unchanged.

Long term incentives

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

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

Once vested, the options must be exercised prior to their expiry date. There are no participating rights or entitlements inherent in the options.

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

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

For details of individual interests in options and performance rights at year end, refer to page 18.

	30 June 2018 $	30 June 2017 $	30 June 2016 $	30 June 2015 $	30 June 2014 $
Revenue	1,844	4,407	5,481	321,831	1,232,188
Loss before tax	(3,253,530)	(3,926,284)	(6,674,238)	(4,910,678)	(4,207,036)
Share price at 30 June	0.100	0.175	0.110	0.065	0.300
Basic loss per share (cents)	(0.48)	(0.58)	(1.16)	(0.86)	(0.83)

Hydrology and Geotechnical monitoring site near Warramboo

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	
		Cash salary	Non-monetary benefits	Annual and long service leave	Superannuation	Performance rights*	Total
Name	**Year**	**$**	**$**	**$**	**$**	**$**	**$**
Managing Director							
Andrew Stocks	**2018**	**375,000**	**-**	**66,906**	**25,000**	**15,060**	**481,966**
	2017	365,297	-	23,968	34,703	68,119	492,087
Other key management personnel							
General Manager							
Larry Ingle	**2018**	**310,400**		**45,866**	**25,000**	**10,039**	**391,305**
	2017	306,301		556	29,099	45,412	381,368
Total Executive Director and KMP	**2018**	**685,400**	**-**	**112,772**	**50,000**	**25,099**	**873,271**
	2017	671,598	-	24,524	63,802	113,531	873,455

* Performance rights under the executive LTI scheme are expensed over the vesting period. Refer to page 18 for additional information.

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

e) Contractual arrangements for executive KMP

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

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

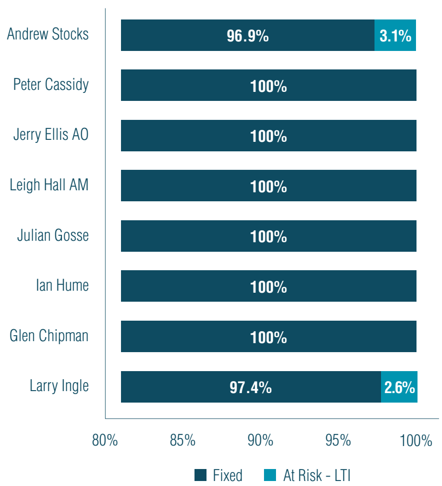
f) Non-executive director arrangements

Non-executive directors received a board fee of $50,000 per annum plus statutory superannuation until 31 March 2018 after which point the fee was reduced to $5,000 per annum as a cash management measure. Non-executive directors do not receive performance based remuneration, retirement allowances or termination benefits.

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

g) Additional statutory information

Remuneration mix for financial year 2018



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

Terms and conditions of share-based payment arrangements

Performance rights

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

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

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

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

There were no performance rights granted during the year ended 30 June 2018.

Options

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

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

There are no unissued ordinary shares of Iron Road Limited under option for directors and executives as at 30 June 2018.

Performance rights on issue

2018 KMP and Grant date	Balance at the start of the year	Balance at the end of the year		Maximum value yet to vest*
		Vested and exercisable	Unvested	
Andrew Stocks				
23 December 2014	3,000,000	-	3,000,000	$53,058
Larry Ingle				
23 December 2014	2,000,000	-	2,000,000	$35,373
Total	**5,000,000**	-	**5,000,000**	**$88,431**

* 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.

Shareholdings

There were no changes to directors' holdings over the year to 30 June 2018 as shown below:

Ordinary Shares held by:	30 June 2018	30 June 2017
Peter Cassidy	8,409,652	8,409,652
Andrew Stocks	2,915,938	2,915,938
Jerry Ellis AO	315,556	315,556
Leigh Hall AM	444,444	444,444
Ian Hume	5,723,559	5,723,559
Glen Chipman	-	-
Total	**17,809,149**	**17,809,149**

Julian Gosse held 656,667 shares at the time of his retirement as a director on 26 March 2018 which was unchanged from 30 June 2017 and Glen Chipman had nil shares upon his appointment on the same date.

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

Voting of shareholders Annual General Meeting held on 17 November 2017

Iron Road Limited received more than 99% of "*yes*" votes on its remuneration report for the 2017 financial year. The company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

This is the end of the audited remuneration report.

Insurance of directors and officers

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

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

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

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

» the provision of directors and officers liability insurance; and

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

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* 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 21.

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

Andrew Stocks

Andrew Stocks

Managing Director

17 September 2018

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Iron Road Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

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

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

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

M. T. Lojszczyk
Partner
PricewaterhouseCoopers

Adelaide
17 September 2018

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

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CORPORATE AND SOCIAL RESPONSIBILITY

OPERATING AND FINANCIAL REVIEW

Company strategy and operating activities

The Group's main focus during the year has been on the commercialisation of the Central Eyre Iron Project (CEIP). Iron Road and China Railway Group Limited (CREC) continued to work closely on the contracting framework and implementation strategies for the project and the Group also continued to seek out and engage with other potential partners and investors with both direct and indirect interest in the Company and the CEIP.

The Group concurrently progressed its 'grain first' export strategy for a globally competitive grain terminal and export facility planned at Cape Hardy with Eyre Peninsula Co-operative Bulk Handling Limited (EPCBH) and further CEIP enhancements and capital cost savings from mine plan and schedule reviews.

The final major approval for the CEIP was received from the Federal Minister for the Environment and Energy under the Commonwealth Government's Environment Protection and Biodiversity Conservation Act 1999 in the March 2018 quarter. Two secondary approvals were progressed during the year with the Program for Environment Protection and Rehabilitation (PEPR) submitted to the Department of the Premier & Cabinet (DPC) for assessment and the Construction Environmental Management Plan (CEMP) for the CEIP infrastructure components circulated to relevant government agencies and others for comment. Work on a Social Management Plan (SMP) also continued during the year.

On the community engagement front a Memorandum of Understanding and Terms of Reference was adopted by the Wudinna District Council for the CEIP Community Development Group and DPC approved the Group's CEIP Community Engagement Plan. Numerous stakeholders were engaged during the year including site visits to the CEIP mine, rail and port locations.

Operating results for the year

The principal activities of the Group during the year were the CEIP commercialisation programme, progression of government approvals and optimisation of mining & process solutions, with an additional focus on the efficient delivery of both port and rail infrastructure solutions.

The Group incurred an operating loss after income tax for the year ended 30 June 2018 of $3,253,530 (2017: $3,926,284) reflecting a number of cost saving initiatives. Total exploration and evaluation expenditure was also lower this year $1,467,267 (2017: $1,753,739) as the Group focussed on obtaining project financing for the CEIP.

Changes in financial position

The Group's net assets decreased by 2% this year (2018: $126,228,476 from 2017: $129,456,908) as $3 million in loan funds from the Sentient Group were applied towards administrative expenses. A further $800,000 was received in July 2018 to cover working capital requirements. This facility attracts nil interest and is repayable in March 2019.

Risk management

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

Regional centre of Wudinna

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Contents

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

Key numbers	Structures	Capital	Additional 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 information			
5. Provisions				
6. Taxation				
7. Prepayments and other receivables				
8. Trade payables				

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

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Revenue from continuing operations			
Interest income		1,844	4,407
Expenses			
Impairment of exploration expenses	2	(27,712)	(3,791)
Depreciation	3	(74,500)	(183,408)
Employee benefits expense	4	(1,728,199)	(1,611,003)
General expenses		(132,378)	(248,047)
Professional fees	4	(580,779)	(858,578)
Travel and accommodation		(157,982)	(298,300)
Marketing		(123,696)	(168,867)
Rent and administration		(430,128)	(558,697)
Loss before income tax		**(3,253,530)**	(3,926,284)
Income tax expense	6	-	-
Loss for the year		**(3,253,530)**	(3,926,284)
Other comprehensive loss for the year		-	-
Total comprehensive loss for the year attributable to owners of Iron Road Limited		**(3,253,530)**	(3,926,284)

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

		Cents	Cents
Basic and diluted loss per share (cents)	15	**(0.48)**	(0.58)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	1	**161,521**	1,262,109
Bank Term deposits	1	**90,000**	90,000
Receivables and prepayments	7	**37,523**	120,287
Total current assets		**289,044**	1,472,396
Non-current assets			
Exploration and evaluation expenditure	2	**121,864,653**	120,397,386
Property, plant and equipment	3	**9,896,547**	9,968,272
Total non-current assets		**131,761,200**	130,365,658
Total assets		**132,050,244**	131,838,054
LIABILITIES			
Current liabilities			
Trade and other payables	8	**5,225,971**	1,884,400
Provisions	5	**569,953**	456,361
Total current liabilities		**5,795,924**	2,340,761
Non-current liabilities			
Provisions	5	**25,844**	40,385
Total non-current liabilities		**25,844**	40,385
Total liabilities		**5,821,768**	2,381,146
Net assets		**126,228,476**	129,456,908
EQUITY			
Contributed equity	13	**160,916,191**	160,916,191
Reserves		**5,078,327**	5,053,229
Accumulated losses	13	**(39,766,042)**	(36,512,512)
Total equity		**126,228,476**	129,456,908

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 2018

		Attributable to owners of Iron Road Limited			
		Contributed Equity	**Accumulated losses**	**Reserves**	**Total Equity**
	Note	**$**	**$**	**$**	**$**
Balance at 1 July 2016		152,423,991	(32,586,228)	4,939,698	124,777,461
Loss for the year		-	(3,926,284)	-	(3,926,284)
Transactions with owners in their capacity as owners:					
Contributions to equity net of transaction costs	13	8,492,200	-	-	8,492,200
Share based payments	14	-	-	113,531	113,531
Balance at 30 June 2017		**160,916,191**	**(36,512,512)**	**5,053,229**	**129,456,908**
Loss for the year		-	(3,253,530)	-	(3,253,530)
Transactions with owners in their capacity as owners:					
Share based payments	14	-	-	25,098	25,098
Balance at 30 June 2018		**160,916,191**	**(39,766,042)**	**5,078,327**	**126,228,476**

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 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(3,133,482)	(3,624,797)
Interest received		2,793	4,695
Net cash outflow from operating activites	4	**(3,130,689)**	**(3,620,102)**
Cash flows from investing activities			
Payments for term deposits		(270,000)	(90,000)
Receipts from term deposits		270,000	90,000
Payments for exploration and evaluation		(967,125)	(1,231,198)
Payments for property and equipment		(2,775)	(1,949)
Net cash outflow from investing activities		**(969,900)**	**(1,233,147)**
Cash flows from financing activities			
Proceeds of issue from shares	13	-	8,509,938
Proceeds/ (repayment) of borrowings		3,000,000	(3,000,000)
Share issue transaction costs		-	(252,993)
Net cash inflow from financing activities		**3,000,000**	**5,256,945**
Net increase in cash and cash equivalents		**(1,100,589)**	**403,696**
Cash and cash equivalents at the beginning of the year		1,262,109	858,413
Cash and cash equivalents at the end of the year	1	**161,521**	1,262,109

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

NOTES TO THE FINANCIAL STATEMENTS: KEY NUMBERS

FOR THE YEAR ENDED 30 JUNE 2018

1. Cash

Where we spent 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.

$4,103,381
2018

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

$4,857,944
2017

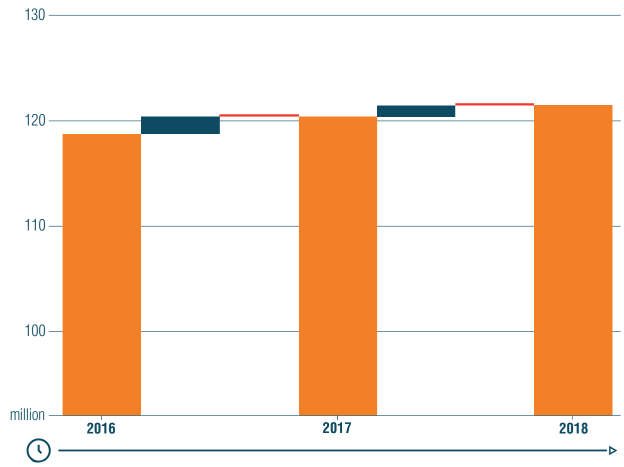
Exploration and evaluation	$1,231,198
Employee benefits expense	$1,497,472
Professional fees	$847,927
Rent and administration	$558,697
Share issue transaction costs	$252,993
Property, plant and equipment	$1,949
Other	$467,708

Cash and cash equivalents at 30 June 2018 was $161,521 (2017: $1,262,109) and bank term deposits held were $90,000 (2017: $90,000). 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.

2. Exploration

Exploration and evaluation expenditure in relation to the CEIP's exploration licence 5932 for the year ended 30 June 2018 was $1,494,979 (2017: $1,757,530).



2016	Opening balance 1 July 2016	$118,643,647
	Additions during the period	$1,757,530
	Impairment of exploration expenses	($3,791)
2017	Closing balance 30 June 2017	$120,397,386
	Additions during the period	$1,494,979
	Impairment of exploration expenses	($27,712)
2018	Closing balance 30 June 2018	$121,864,653

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 2018, the directors deemed the current capitalisation of development of the CEIP resource to be appropriate, as the Group continues to refine mining and processing methods and capital cost estimates.

The Group's exploration and evaluation policy is to capitalise and carry forward exploration and evaluation expenditure where a JORC compliant resource has been identified. This appropriately recognises that these projects are in the advanced exploration, evaluation or feasibility phase. Expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The Group fully impaired iron ore rights of $27,712 (2017: $3,791) in the Gawler Iron Project (GIP) during the year as its focus remains on the CEIP.

NOTES TO THE FINANCIAL STATEMENTS: KEY NUMBERS

FOR THE YEAR ENDED 30 JUNE 2018

$1,494,979

EXPLORATION AND EVALUATION EXPENDITURE FOR THE YEAR 2017

For areas of interest where a JORC compliant resource is yet to be identified or where exploration rights are no longer current, the capitalised values are subsequently impaired and charged to the profit and loss. There was no expenditure or impairment on exploration licence 5496 in the year (2017: nil).

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.

Iron concentrate from the CEIP, South Australia

NOTES TO THE FINANCIAL STATEMENTS: KEY NUMBERS

FOR THE YEAR ENDED 30 JUNE 2018

3. Property, plant and equipment

	LAND AND BUILDINGS		PLANT AND EQUIPMENT		
Year ended 30 June 2017	**Land $**	**Buildings & Improvements $**	**Equipment $**	**Motor Vehicles $**	**Total $**
Opening net book value	9,025,418	791,047	324,166	9,100	10,149,731
Additions		-	1,949	-	1,949
Depreciation charge		(54,045)	(123,038)	(6,325)	(183,408)
Closing net book amount	**9,025,418**	**737,002**	**203,077**	**2,775**	**9,968,272**
At 30 June 2017					
Cost or fair value	9,025,418	1,040,190	1,081,409	64,839	11,211,856
Accumulated depreciation	-	(303,188)	(878,332)	(62,064)	(1,243,584)
Net book amount	**9,025,418**	**737,002**	**203,077**	**2,775**	**9,968,272**
Year ended 30 June 2018					
Opening net book value	9,025,418	737,002	203,077	2,775	9,968,272
Additions	-	-	2,775	-	2,775
Depreciation charge	-	(21,467)	(52,560)	(473)	(74,500)
Closing net book amount	**9,025,418**	**715,535**	**153,292**	**2,302**	**9,896,547**
At 30 June 2018					
Cost or fair value	9,025,418	1,040,190	1,084,184	64,839	11,214,631
Accumulated depreciation	-	(324,655)	(930,892)	(62,537)	(1,318,084)
Net book amount	**9,025,418**	**715,535**	**153,292**	**2,302**	**9,896,547**

During the year ended 30 June 2018, the Group invested $2,775 in property, plant and equipment (2017: $1,949).

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 on table above.

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:

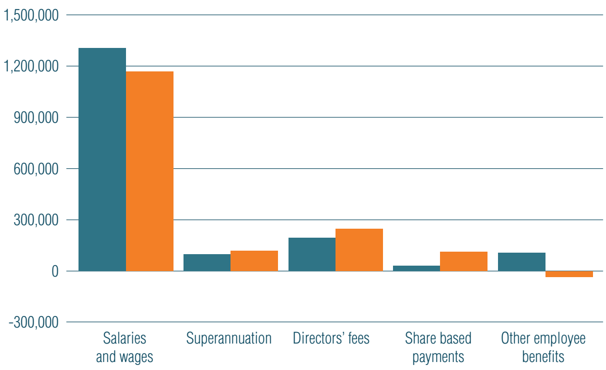
- » Computer equipment 3 - 4 years
- » Office equipment 3 - 20 years
- » Plant and equipment 3 - 20 years
- » Buildings & improvements 4 - 40 years
- » Motor vehicles 5 - 10 years

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

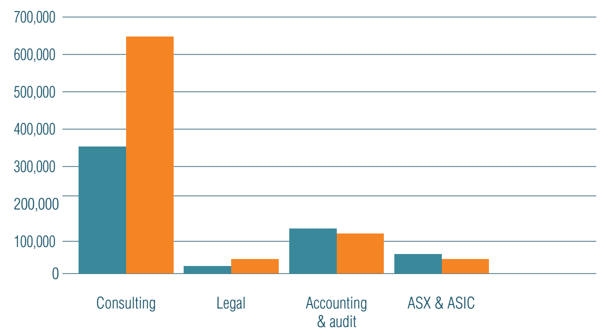
Operating expenses were $3,255,374 for the year ended 30 June 2018 (2017: $3,930,691) and include the following:

Employee benefits expense



	2018	2017
Total	**$1,728,199**	**$1,611,003**
Salaries and wages	$1,304,576	$1,167,752
Superannuation	$97,211	$118,347
Directors' fees	$193,884	$245,834
Share based payments	$25,098	$113,531
Other employee benefits	$107,430	($34,461)

Professional fees



	2018	2017
Total	**$580,779**	**$858,578**
Consulting	$362,472	$648,929
Legal	$29,301	$48,377
Accounting & audit	$126,825	$113,644
ASX & ASIC	$62,181	$47,628

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

	2018 $	2017 $
Net loss for the period	**(3,253,530)**	**(3,926,284)**
Depreciation	74,500	183,408
Share based payments	25,098	113,531
Non cash - rent incentive	-	(29,167)
Formation	-	993
Impairment of exploration expenses	27,712	3,791
Change in operating assets and liabilities		
Decrease in trade and other receivables	49,135	8,231
Increase/(Decrease) in trade payables	(152,665)	72,881
Increase/(Decrease) in other provisions	99,050	(47,487)
Net cash outflow from operating activities	**(3,130,689)**	**(3,620,102)**

NOTES TO THE FINANCIAL STATEMENTS: KEY NUMBERS

FOR THE YEAR ENDED 30 JUNE 2018

5. Provisions

Provisions	CURRENT PROVISIONS			NON CURRENT PROVISIONS	
	Annual leave $	Long service leave $	Sub-total $	Long service leave $	Total $
Carrying amount as at 1 July 2017	274,505	181,856	456,361	40,385	496,746
Additional provision recognised during the year	255,613	19,659	275,272	(14,541)	260,731
Amounts used during the year	(161,680)	-	(161,680)	-	(161,680)
Carrying amount as at 30 June 2018	**368,438**	**201,515**	**569,953**	**25,844**	**595,797**

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:

	2018 $	2017 $
Annual leave obligations expected to be settled after twelve months	221,063	164,703
Current long service leave obligations to be settled after twelve months	227,359	181,856
Total current leave obligations expected to be settled after twelve months	**448,422**	346,559

$43,479,116
TAX LOSSES

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 2018 (2017: 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	**2018 $**	**2017 $**
Loss from continuing operations before income tax benefit	(3,253,530)	(3,926,284)
Tax at the Australian tax rate of 30% (2017: 30%)	(976,059)	(1,177,885)
Tax effect of amounts which are not deductible in calculating taxable income	8,244	34,624
Current year tax losses not recognised	967,815	1,143,261
Income tax expense	**-**	**-**

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

Deferred tax assets and liabilities	**2018 $**	**2017 $**
The balance of deferred tax assets comprises temporary differences attributable to:		
Tax losses	43,479,116	42,344,723
Business related costs	11,521	111,414
Accrued expenses	219,988	189,574
Total recognised and unrecognised deferred tax assets	**43,710,625**	42,645,711
The balance of deferred tax liabilities comprises temporary differences attributable to:		
Accrued income	-	371
Exploration expenditure	34,357,302	34,171,778
Total deferred tax liabilities	**34,357,302**	34,172,149
Net deferred tax assets	9,353,323	8,473,562
Deferred tax assets not recognised	(9,353,323)	(8,473,562)
Net deferred tax assets	-	-

A net deferred tax asset of $9,353,323 (2017: $8,473,562) 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 for 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.

NOTES TO THE FINANCIAL STATEMENTS: KEY NUMBERS

FOR THE YEAR ENDED 30 JUNE 2018

7. Prepayments and other receivables

Prepayments and other receivables for the year ended 30 June 2018 were $37,523 (2017: $120,287) which is largely due to a reduction in prepayments and GST receivable.

$37,523
2018

GST receivable	$14,657
Interest receivable	-
Prepayments	$22,489
Other receivables	$378

$120,287
2017

GST receivable	$48,285
Interest receivable	$949
Prepayments	$70,571
Other receivables	$482

As at 30 June 2018, other receivables that were past due or impaired were nil (2017: 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

	2018 $	2017 $
Trade payables	1,109,222	770,906
Accruals	99,258	112,122
Short term loan facility	4,000,000	1,000,000
Other payables	17,491	1,372
Total trade and other payables	**5,225,971**	1,884,400

Trade and other payables for the year ended 30 June 2018 were $5,225,971 (2017: $1,884,400). The Group received $3,000,000 in short term debt finance from its major shareholder, The Sentient Group, which is reflected in other payables. The loan attracts nil interest and is repayable in March 2019.

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.

9. Controlled entities

Iron Road Limited has the following subsidiaries, all of which are 100% owned (2017: 100%) and located and incorporated in Australia..

The following are subsidiaries of Iron Road Limited:

- IRD Corporate Services Pty Ltd
- IRD Group Finance Pty Ltd
- IRD Port Assets Midco Pty Ltd
- IRD Port Assets Pty Ltd
- IRD Port Assets Holdings Pty Ltd
- IRD Rail Assets Holdings Pty Ltd
- IRD (Central Eyre) Pty Ltd
- IRD (Gawler) Pty Ltd
- IRD Train Operations Pty Ltd
- IRD Track Services Pty Ltd
- IRD Marine Operations Pty Ltd
- IRD Cargo Services Pty Ltd
- IRD Mining Operations Pty Ltd
- Eyre Exploration Pty Ltd
- IRD Rail Assets Midco Pty Ltd

10. Segment information

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

Stages of grinding media

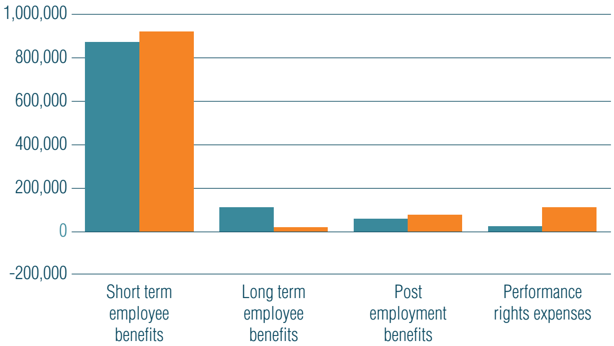
NOTES TO THE FINANCIAL STATEMENTS: STRUCTURES

FOR THE YEAR ENDED 30 JUNE 2018

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 2018 owned 73.73% (2017: 73.73%) of the issued ordinary shares of Iron Road Limited.

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



	2018	2017
Total	**$1,075,786**	**$1,135,689**
Short term employee benefits	$877,228	$921,598
Long term employee benefits	$112,772	$22,508
Post employment benefits	$60,687	$78,052
Performance rights expenses	$25,099	$113,531

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

The following additional transactions occurred with The Sentient Group:

	2018 $	2017 $
Reimbursement of travel related expenditure	4,325	18,255
Directors' fees	40,806	50,000
Capital raising costs	-	302
Consulting fees	116,669	201,879
Total	**161,800**	**270,436**

Of the above, $7,056 (2017: $17,000) remained outstanding as at 30 June 2018 and has been disclosed within trade payables. All transactions were made on standard commercial terms and conditions and at market rates other than the engagement of Mr Chipman at no cost to Iron Road.

12. Parent entity information

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

	2018 $	2017 $
ASSETS		
Total current assets	11,281,670	12,409,810
Total non-current assets	121,074,419	119,697,620
Total assets	**132,356,089**	132,107,430
LIABILITIES		
Total current liabilities	5,795,924	2,340,761
Total non-current liabilities	25,844	40,385
Total liabilities	**5,821,768**	2,381,146
Net assets	**126,534,320**	129,726,284
EQUITY		
Issued capital	160,916,191	160,916,191
Reserves	5,078,327	5,053,229
Accumulated losses	(39,460,197)	(36,243,137)
Total equity	**126,534,321**	129,726,284
Loss for the year	**(3,217,060)**	(3,880,543)
Total comprehensive loss for the year	**(3,217,060)**	(3,880,543)

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 2018 and has no contingent liabilities as at 30 June 2018.

678 MILLION
SHARES ON ISSUE
AT 30 JUNE 2018

13. Equity and reserves

Share capital

	2018 Shares	2017 Shares	2018 $	2017 $
Opening balance 1 July	677,554,286	592,454,904	160,916,191	152,423,991
Shares issued as part of institutional placement	-	85,099,382	-	8,509,938
Cost of capital raising	-	-	-	(17,738)
Balance 30 June	**677,554,286**	677,554,286	160,916,191	160,916,191

During the year there we no shares issued (2017: 85,099,382).

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

Performance rights

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

Reserves

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

During the year, $25,098 of performance rights were expensed in the profit and loss (2017: $113,531)

Dividends

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

14. Share-based payments

Share-based compensation benefits are provided to Directors and KMP through the Iron Road Limited Employee Option Plan and the Iron Road Equity Incentive Plan. During the year, $25,098 of share based payments were expensed in the profit and loss (2017: $113,531).

Employee Option Plan

There were no options on issue, granted or exercised during the year ended 30 June 2018 (2017: nil).

Equity Incentive Plan – Long term incentive

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

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

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

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 2018							
23 December 2014	24 December 2019	$0.16	3,000,000	-	-	3,000,000	-
23 December 2014	13 January 2020	$0.16	2,000,000	-	-	2,000,000	-
Total			**5,000,000**	**-**	**-**	**5,000,000**	**-**
30 June 2017							
23 December 2014	24 December 2019	$0.16	3,000,000	-	-	3,000,000	-
23 December 2014	13 January 2020	$0.16	2,000,000	-	-	2,000,000	-
Total			**5,000,000**	**-**	**-**	**5,000,000**	**-**

There were no rights granted or exercised during the reporting period ended 30 June 2018 (2017: nil) and the weighted average remaining contractual life of all rights at this date is 1.51 years (2017: 2.51).

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

15. Loss per share

Basic earnings per share is calculated by dividing:

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

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

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

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

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

Basic and diluted earnings per share	2018 cents	2017 cents
Total basic loss per share attributable to the ordinary equity owners of the company	**(0.48)**	(0.58)
Total diluted loss per share attributable to the ordinary equity owners of the company	**(0.48)**	(0.58)
Loss from continuing operations attributable to the members of the group used in calculating basic earnings per share:	**(3,253,530)**	(3,926,284)

Weighted average number of shares used as the denominator is 677,554,286 (2017: 673,057,915).

Iron concentrate from the CEIP, South Australia

NOTES TO THE FINANCIAL STATEMENTS: ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2018

16. Remuneration of auditors

During the year ended 30 June 2018, total fees paid or payable for services provided by PricewaterhouseCoopers and its related practices were as follows:

PricewaterhouseCoopers (Australia)	2018 $	2017 $
Total remuneration for audit and other assurance services	71,714	59,786
Total remuneration for tax services	14,331	17,697
Total remuneration of PricewaterhouseCoopers (Australia)	**86,045**	**77,483**

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 17 September 2018. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation of historical financial information

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

(i) Compliance with IFRS

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

(ii) Historical cost convention

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

(iii) Critical accounting estimates

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

(iv) Going concern

As at 30 June 2018, the Group's current liabilities exceed its current assets by $5,506,880. The Group has also experienced an operating loss of $3,253,530 and negative cash flows of $1,100,589 during the financial year ending 30 June 2018.

The Group currently has no cash generating assets in operation and $161,521 of available cash at 30 June 2018. The Group has drawn a further $800,000 of the interest free loan made available from Sentient Equity Partners in July 2018. Therefore, the continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due is dependent on the Group being successful in its rights issue announced on 5 September 2018. The rights issue is expected to close on 9 October 2018 and raise up to $1.7 million. Based on forecast cash flows, additional funds will be required beyond the rights issue. Therefore, the Group needs to be successful in:

1) further capital raising; and/or
2) receiving the continuing support and extension of terms from its shareholder, including the ongoing subordination of the shareholder' loan with a current balance of $4.8 million which as at the date of this report is yet to be contractually deferred; and/or
3) funding from a project partner; and/or
4) sale of assets.

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

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

(v) New 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 2018 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.

RISK MANAGEMENT

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 Groups 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 $289,044 (2017: $1,472,396).

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:

	2018 $	2017 $
Counterparties without an external credit rating:		
Financial assets with no default in the past	**37,523**	120,287
Cash at bank and fixed term deposits with a credit rating:		
AA-	**251,521**	1,324,524
A	**-**	27,585
Total	**289,044**	1,472,396

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 $3,000,000 during the year ended 30 June 2018 (2017: $1,000,000), which has been disclosed in trade and other payables.

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

Contractual maturities of financial liabilities	Less than 6 months	Total contractual cash flows	Carrying amount
At 30 June 2018			
Trade and other payables	5,225,971	5,225,971	5,225,971
Total non-derivatives	**5,225,971**	**5,225,971**	**5,225,971**
At 30 June 2017			
Trade and other payables	1,884,400	1,884,400	1,884,400
Total non-derivatives	**1,844,400**	**1,844,400**	**1,844,400**

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 2018 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: UNRECOGNISED ITEMS

FOR THE YEAR ENDED 30 JUNE 2018

LEASES

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	2018 $	2017 $
Within one year	277,862	-
Later than one year but no later than five years	-	684,388
Total exploration expenditure commitments	**277,862**	684,388

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

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

Lease commitments

The Group's lease on its office in Adelaide expired in 2017 and a long term lease has not been entered into. The Lessor has agreed to a month by month tenancy for the foreseeable future.

Consequently, the total commitments for minimum payments in relation to operating leases for the year ended 30 June 2018 were nil (2017: nil):

Capital commitments

There were no outstanding contractual commitments as at 30 June 2018 (2017: nil).

20. Contingencies

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

21. Events after reporting date

The Group received $800,000 in short term debt finance from its major shareholder, The Sentient Group in July 2018. The loan attracts nil interest and is repayable in March 2019.

On 5 September 2018 the Group announced a 1 for 30 non-renounceable rights issue at $0.075 per share to raise up to $1.7 million. Iron Road's largest shareholder, Sentient Fund IV, has undertaken to participate fully in the issue with the aggregate amount of approximately $1.0 million to be received from Sentient Fund IV. The rights issue opened on 12 September 2018 and closes on 9 October 2018.

DIRECTORS' DECLARATION

IRON ROAD LIMITED AND ITS CONTROLLED ENTITIES

The directors' of the Group declare that:

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

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

    b) give a true and fair view of the Group's financial position as at 30 June 2018 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 2018, 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
17 September 2018

Independent auditor's report

To the members of Iron Road Limited

Report on the audit of the financial report

Our opinion

In our opinion:

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended

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

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2018
- the consolidated income statement for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

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

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

Independence

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

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

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

Material uncertainty related to going concern

We draw attention to note 17 in the financial report, which indicates that the Group incurred a net loss of $3,253,530 and negative cash flows of $1,100,589 during the year ended 30 June 2018. As of that date, the Group's current liabilities exceed its current assets by $5,506,880. The Group currently has no cash-generating assets in operation and with $161,521 of available cash at balance date requires additional funds as detailed in note 17. These conditions, along with other matters set forth in note 17, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

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

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

Materiality

- For the purpose of our audit we used overall Group materiality of $1.3 million, which represents approximately 1% of the Group's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group total assets because, in our view, it is the metric against which the performance of the Group is most commonly measured given it is an exploration and evaluation company that has no production or sales.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly accepted thresholds in the mining industry.

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

Audit Scope

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

Key audit matters

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

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

Key audit matter	***How our audit addressed the key audit matter***
Carrying value of exploration and evaluation assets *(Refer to note 2) $121.8m* The Group accounts for exploration and evaluation activities in accordance with the policy in note 2 of the financial report. The amount recorded at balance date relates entirely to the Group's CEIP. Judgement is required by the Group to determine whether there were indicators of impairment of the exploration and evaluation assets, due to the need to make estimates about future events and circumstances, such as whether the resources may be economically viable to develop in the future. The carrying value of exploration and evaluation assets was considered a key audit matter given the size of the balance recorded on the Consolidated Statement of Financial Position at 30 June 2018 and the fact that determination of the balance involves significant judgement made by the Group as outlined above.	We performed the following procedures: • Evaluated the Group's assessment that there had been no indicators of impairment during the current period with reference to the requirements of Australian Accounting Standards. • Considered the latest available information regarding the CEIP through inquiries of management and the directors, and review of press releases. • Inquired of management and the directors as to whether there had been any changes to, and obtained evidence to support, the Group's right of tenure to the CEIP. This includes identifying the licence status recorded by the South Australian Department of State Development. • Tested a sample of current year capitalised expenditure to source documents and considered whether they had been accounted for in accordance with the Group's policy.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, including the Chairman's Letter, Managing Director's Report, Director's Report and Operating and Financial Review, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 14 to 19 of the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Iron Road Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

PricewaterhouseCoopers

PricewaterhouseCoopers

M. T. Lojszczyk
Partner

Adelaide
17 September 2018

ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2018

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 31 August 2018.

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	179	82,457	0.01%
1,001-5,000	469	1,421,095	0.21%
5,001-10,000	277	2,242,879	0.33%
10,001-100,000	610	19,740,927	2.91%
100,001 and over	146	654,066,928	96.53%
Total holdings on register	**1,681**	**677,554,286**	**100.00%**

There were 703 holders of less than a marketable parcel of ordinary shares.

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	HSBC Custody Nominees Australia Limited	574,331,539	84.77%
2	SANBA II Inv Company	9,861,112	1.46%
3	DEVIPO Pty Ltd	5,723,559	0.84%
4	Cedarose Pty Ltd	4,535,624	0.67%
5	SEISUN Capital Pty Ltd	3,874,028	0.57%
6	JEM Investment Fund Holdings Pty Ltd	3,400,000	0.50%
7	Paul, Geoffrey John	2,920,450	0.43%
8	Anderson, CM & SM	2,900,000	0.43%
9	BNP Paribas Nominees Pty Ltd	2,684,189	0.40%
10	HSBC Custody Nominees Australia Ltd	2,660,150	0.39%
11	Citicorp Nominees Pty Ltd	2,531,952	0.37%
12	Kiritsopoulos A and Ford J	2,200,000	0.32%
13	Stonecot Pty Ltd	1,680,000	0.25%
14	Stocks, Claire Margaret	1,442,657	0.21%
15	Stocks, Andrew James	1,442,656	0.21%
16	Bond Street Custodians Ltd	1,321,000	0.19%
17	Leadville Investments Pty Ltd	1,130,000	0.17%
18	Rilat Lty Ltd	1,100,000	0.16%
19	Faltas Abraham	1,000,360	0.15%
20	Coldicutt, Susan	870,000	0.13%
	Total	**627,609,276**	**92.62%**

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.

Performance rights

Carry no dividend or voting rights.
On issue - 5,000,000
Number of holders - 2

IRON ROAD HOUSE

ABN 51 128 698 108
ASX Code IRD

Level 6, 30 Currie Street
Adelaide SA 5000
Telephone: +61 8 8214 4400
www.ironroadlimited.com.au