INTERIM REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2018

ABN 51 128 698 108

CONTENTS

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DIRECTORS' REPORT

The Directors present the consolidated report of Iron Road Limited and its controlled entities for the half-year ended 31 December 2018.

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

Directors

The following persons were directors of Iron Road Limited during the whole of the half-year and up to the date of this report except where indicated:

Peter Cassidy	Chairman
Andrew Stocks	Managing Director
Jerry Ellis AO	Non-Executive Director
Ian Hume	Non-Executive Director
Glen Chipman	Non-Executive Director
Leigh Hall AM	Non-Executive Director (resigned 23 November 2018)

Highlights

Central Eyre Iron Project (CEIP)

- Announcement of a revised development strategy aimed at substantially reducing CEIP capital requirements and subsequent assessment commenced assessing a staged and scalable development plan.
- The Company agreed the basis and principles for 'grain first' development and operating agreements at Cape Hardy.
- Iron Road continued engagement with credible potential partners and investors that have an interest at a Company and/or Project level.
- The Company successfully completed a non-renounceable entitlement offer to raise $1.21 million to maintain the CEIP Mining Lease and cover corporate expenses and costs of the offer.

DIRECTORS' REPORT

Review of Operations

Project Commercialisation

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

Despite ongoing contact with China Railway Group (CREC), the rate of progress has been unacceptable and as a consequence the Company reinvigorated introductions and discussions with various parties that potentially have an interest in the Company, the CEIP or select components of the CEIP.

Grain First Strategy

Third party access is an integral feature of the CEIP infrastructure design philosophy, particularly the port precinct at Cape Hardy. The strategy contemplates the staged construction and commissioning of a globally competitive grain terminal and export facility, which is expected to improve the short and long-term resilience of the Eyre Peninsula grain industry.

Iron Road continued to work with Eyre Peninsula Cooperative Bulk Handling (EPCBH) and several other parties that have expressed an interest in utilising the port precinct, planned to be linked to a light industrial park situated at nearby Tumby Bay.

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

Eyre Peninsula Co-operate Bulk Handling (EPCBH) commenced with community information sessions at Tumby Bay and Port Neill.

Revised Mine Start-up

Iron Road commenced with an assessment to of a staged and scalable mining development in Q4 2018 with a view to further reduce CEIP capital requirements[1]. The review, assisted by leading open pit mine experts, included the restructure of the mine plan to deliver a lower development capital requirement and reduced reliance on electrical power. A reduced mine production target has allowed for a smaller open pit with a significantly lower pre-strip requirement and improved strip ratio over the life of mine.

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

Review prerequisites included future mine expansion options not being compromised and ore inventories not being sterilised.

Outcomes and opportunities from the mine review and its implications on a project scale were released in January and February 2019. Capital costs reduced significantly[2], with improved optionality and a lower development risk profile. Despite the delivery model resulting in higher infrastructure operating costs, competitive industry margins are maintained, driven by a lower strip ratio and robust market demand for premium iron ore products.

Community & Stakeholder Engagement

The plan for a staged development at the proposed Cape Hardy port has received significant support from various stakeholders. Numerous stakeholders engaged include Eyre Peninsula Co-operative Bulk Handling (EPCBH), Eyre Peninsula Local Government Association (EPLGA), Regional Development Australia Whyalla and Eyre Peninsula (RDAWEP), Wudinna District Council, District Council of Tumby Bay, Free Eyre as well as various Ministers, local members and Government agency representatives.

Corporate

On 5 September 2018 Iron Road announced a non-renounceable rights issue of new Iron Road shares at an offer price of $0.075 per share. The proceeds were used to maintain the CEIP Mining Lease and cover corporate expenses and costs of the offer. Iron Road's largest shareholder, Sentient Fund IV, participated fully in the Offer. The Offer closed on 9 October 2018 with $1.21 million being raised (of a maximum possible of $1.69 million).

[2] "CEIP Study Confirms Compelling Commercial Case" (26 February 2014), "Optimisation Studies Complete at CEIP" (13 October 2015), "Mine Review Drives Further Value Accretion Opportunities at the CEIP" (31 October 2017)

DIRECTORS’ REPORT

Mineral Resources and Reserves

Table 1 – CEIP Ore Reserve Summary – 24Mtpa option

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

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

Table 2 – CEIP Global Mineral Resource

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

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

Table 3 – CEIP Indicative Concentrate Specification – 106 micron (p80)*

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

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

DIRECTORS' REPORT

Results of Operations

The Group incurred a loss for the half-year ended 31 December 2018 of $702,381 (2017: $1,821,985).

Events after the Reporting Date

No matters or events have arisen since 31 December 2018 which have significantly affected, or may significantly affect, the operations of the Group, the results of the operations, or the state of affairs of the Group in future years.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 6.

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

Andrew Stocks
Managing Director
Adelaide, South Australia
8 March 2019

AUDITOR’S INDEPENDENCE DECLARATION

Auditor's Independence Declaration

As lead auditor for the audit of Iron Road Limited for the half-year ended 31 December 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
8 March 2019

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-year 2018 $	Half-year 2017 $
Revenue from continuing operations			
Interest income		**846**	1,188
Expenses			
Impairment of exploration expenses	2	**(468)**	(16,157)
Depreciation	3	**(30,598)**	(48,479)
Employee benefits expense	4	**(431,608)**	(813,367)
General expenses		**(31,600)**	(63,966)
Professional fees		**(64,514)**	(423,946)
Travel and accommodation		**(36,372)**	(104,676)
Marketing		**(13,511)**	(85,335)
Rent and administration costs		**(94,556)**	(267,247)
Loss before income tax		**(702,381)**	**(1,821,985)**
Income tax expense		-	-
Loss for the period		**(702,381)**	**(1,821,985)**
Other comprehensive loss for the period		**-**	**-**
Total comprehensive loss for the period attributable to owners of Iron Road Limited		**(702,381)**	**(1,821,985)**

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

		Cents	Cents
Basic and diluted loss per share (cents)	8	**(0.10)**	(0.27)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	**31 December 2018** $	30 June 2018 $
ASSETS			
Current assets			
Cash and cash equivalents	1	**447,699**	161,521
Bank term deposits	1	**45,000**	90,000
Prepayments and other receivables		**91,502**	37,523
Total current assets		**584,201**	289,044
Non-current assets			
Exploration and evaluation expenditure	2	**121,959,760**	121,864,653
Property, plant and equipment	3	**9,865,949**	9,896,547
Total non-current assets		**131,825,709**	131,761,200
Total assets		**132,409,910**	132,050,244
LIABILITIES			
Current liabilities			
Trade and other payables	5	**5,135,997**	5,225,971
Provisions		**537,828**	569,953
Total current liabilities		**5,673,825**	5,795,924
Non-current liabilities			
Provisions		**22,372**	25,844
Total non-current liabilities		**22,372**	25,844
Total liabilities		**5,696,197**	5,821,768
Net assets		**126,713,713**	126,228,476
EQUITY			
Contributed equity	7	**162,093,715**	160,916,191
Reserves		**5,088,421**	5,078,327
Accumulated losses		**(40,468,423)**	(39,766,042)
Total equity		**126,713,713**	126,228,476

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Attributable to owners of Iron Road Limited			
	Note	Contributed Equity $	Accumulated losses $	Reserves $	Total Equity $
Balance at 1 July 2017		**160,916,191**	**(36,512,512)**	**5,053,229**	**129,456,908**
Total loss for the half-year		-	(1,821,985)	-	(1,821,985)
Total other comprehensive income for the half-year		-	-	-	-
Transactions with owners in their capacity as owners:					
Contributions to equity net of transaction costs		-	-	-	-
Share based payments	7	-	-	14,211	14,211
Balance at 31 December 2017		**160,916,191**	**(38,334,497)**	**5,067,440**	**127,649,134**
Balance at 1 July 2018		**160,916,191**	**(39,766,042)**	**5,078,327**	**126,228,476**
Total loss for the half-year		-	(702,381)	-	(702,381)
Total other comprehensive income for the half-year		-	-	-	-
Transactions with owners in their capacity as owners:					
Contributions to equity net of transaction costs		1,177,524	-	-	1,177,524
Share based payments	7	-	-	10,094	10,094
Balance at 31 December 2018		**162,093,715**	**(40,468,423)**	**5,088,421**	**126,713,713**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-year 2018 $	2017 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		**(855,332)**	(1,950,641)
Interest received		**846**	1,216
Net cash outflow from operating activities	4	**(854,486)**	(1,949,425)
Cash flows from investing activities			
Payments for term deposits		**(90,000)**	(90,000)
Receipts from term deposits		**135,000**	90,000
Payments for exploration and evaluation		**(881,859)**	(598,396)
Payments for property, plant and equipment		**-**	(2,305)
Net cash outflow from investing activities		**(836,859)**	(600,701)
Cash flows from financing activities			
Proceeds from issue of shares		**1,209,701**	-
Share issue transaction costs		**(32,178)**	-
Proceeds from borrowings	6	**800,000**	2,000,000
Net cash inflow from financing activities		**1,977,523**	2,000,000
Net increase in cash and cash equivalents		**286,178**	(550,126)
Cash and cash equivalents at the beginning of the half-year		**161,521**	1,262,109
Cash and cash equivalents at the end of the half-year		**447,699**	711,983

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

Structure of Notes and materiality

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

KEY NUMBERS	STRUCTURES AND CAPITAL	ADDITIONAL INFORMATION	UNRECOGNISED ITEMS
1. Cash	6. Related parties	9. Segment information	12. Contingencies
2. Exploration	7. Equity and reserves	10. Accounting policies	13. Events after reporting date
3. Property, plant and equipment	8. Loss per share	11. Dividends	
4. Operating activities			
5. Trade and other payables			

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

1: Cash

The Consolidated Statement of Cash Flows, shows total cash expended during the half-year ended 31 December 2018 was $1,769,369 (2017: $2,551,343), utilised in the following areas:

	Half-year	
	2018	2017
	$	$
Exploration and evaluation	881,859	598,396
Employee benefits expense	487,117	769,105
Professional fees	64,514	423,946
Rent and administration	253,818	227,299
Share issue transaction costs	32,178	-
Property, plant and equipment	-	2,305
Other	49,883	530,292
Total	**1,769,369**	2,551,343

Cash and cash equivalents at 31 December 2018 was $447,699 (June 2018: $161,521) and bank term deposits reduced to $45,000 (June 2018: $90,000). The bank term deposit is held as security for the Group's credit card facility.

Funds held in a term deposit facility for greater than 3 months are classified as bank term deposits in the consolidated statement of financial position per AASB 107.

2: Exploration

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for the evaluation of mineral resources.

Exploration and evaluation expenditure in relation to the CEIP's exploration licence 5932 for the half-year ended 31 December 2018 was $95,107 (2017: $640,705). This exploration and evaluation asset is tested for impairment periodically or when events or circumstances indicate the carrying value may not be recoverable. For the half-year ended 31 December 2018, the directors deemed the current capitalisation of development of the CEIP resource to be appropriate, as the Group continues to define the most appropriate mine and infrastructure plan.

Recoverability of exploration and evaluation assets

Recoverability of the carrying amount of the exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively sale of the respective area of interest. The Group fully impaired iron ore rights of $468 in the Gawler Iron Project (GIP) in the half year ended 31 December 2018 (2017: $16,157).

The Group's accounting policy requires management to 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 technique. The model includes assumptions for production volumes, forecast iron ore pricing, foreign exchange rates and project costs, which are updated for the latest available data.

3: Property, plant and equipment

During the period ended 31 December 2018, the Group invested $Nil (2017: $2,305) in property, plant and equipment. Reconciliation of the carrying amounts of property, plant and equipment:

	LAND AND BUILDINGS		PLANT AND EQUIPMENT		
Reconciliation of the carrying value of property, plant and equipment	**Land $**	**Buildings & Improvements $**	**Plant & Equipment $**	**Motor Vehicles $**	**Total $**
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**
Half-year ended 31 December 2018					
Opening net book value	9,025,418	715,535	153,292	2,302	9,896,547
Additions	-	-	-	-	-
Depreciation charge	-	(10,822)	(19,537)	(239)	(30,598)
Closing net book amount	**9,025,418**	**704,713**	**133,755**	**2,063**	**9,865,949**
At 31 December 2018					
Cost or fair value	9,025,418	1,040,190	1,084,184	64,839	11,214,631
Accumulated depreciation	-	(335,477)	(950,429)	(62,776)	(1,348,682)
Net book amount	**9,025,418**	**704,713**	**133,755**	**2,063**	**9,865,949**

4: Operating activities

Operating expenses were $703,227 for the half-year ended 31 December 2018 (2017: $1,823,173).
Loss before tax includes the following specific expenses:

	Half-year	
	2018 $	2017 $
Salaries and wages	488,945	544,845
Superannuation	43,956	58,885
Directors' fees	6,180	125,000
Share based payments expense	10,094	14,211
Other employee benefits expense	(117,567)	70,426
Total employee benefits expense	**431,608**	813,367

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

	Half-year	
	2018	2017
	$	$
Net loss for the period	**(702,381)**	(1,821,985)
Depreciation	30,597	48,479
Share based payments	10,094	14,211
Impairment of exploration expenses	468	16,157
Change in operating assets and liabilities		
Decrease in bank term deposits and other receivables	(53,979)	(123,239)
Decrease in trade payables	(103,691)	(111,167)
(Decrease)/Increase in other provisions	(35,594)	28,119
Net cash outflow from operating activities	**(854,486)**	(1,949,425)

5: Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the reporting period, which are unpaid. The amounts are presented as current liabilities unless payment is not due within 12 months from the reporting date.

	Trade payables	
	31 December 2018	30 June 2018
	$	$
Trade payables	300,872	1,109,222
Accruals	9,356	99,258
Short term loan facility	4,800,000	4,000,000
Other payables	25,769	17,491
Total trade and other payables	**5,135,997**	5,225,971

STRUCTURES AND CAPITAL

6: Related parties

The parent entity of the Group is Iron Road Limited and the ultimate parent entity and controlling party is The Sentient Global Resources Funds (Sentient) which at 31 December 2018 owns 74.03% (30 June 2018 – 73.73%) of the issued ordinary shares of Iron Road Limited.

The following transactions occurred with Sentient:

	Related parties	
	31 December 2018 $	**31 December 2017 $**
Reimbursement of travel related expenditure	825	4,320
Director's fees	2,500	25,000
Proceeds of issue from shares	(1,047,203)	-
Short term finance - (loan)/repayment	(800,000)	(2,000,000)
Consulting fees	-	100,002
Total	**(1,843,878)**	**(1,870,678)**

The Group received $800,000 in short term debt finance from its major shareholder, Sentient, taking the total loan balance to $4,800,000 at 31 December 2018 (30 June 2018: $4,000,000). The loan attracts nil interest and is repayable in June 2019.

Sentient Fund IV participated in the September 2018 rights issue acquiring 13,962,713 ordinary shares at 7.5 cents per share (see Note 7). In addition, Directors of the Company Peter Cassidy, Ian Hume, Leigh Hall and Jerry Ellis took up their full entitlement under the offer.

7: Equity and reserves

SHARE CAPITAL

Share capital	**2018 Shares**	2017 Shares	**2018 $**	2017 $
Opening balance 1 July	677,554,286	677,554,286	160,916,191	160,916,191
Shares issued as part 1 for 30 non-renounceable rights issue	16,129,348	-	1,209,701	-
Cost of rights issue	-	-	(32,177)	-
Balance 31 December	**693,683,634**	677,554,286	162,093,715	160,916,191

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

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

RESERVES

The share based payment reserve is used to recognise the value of options and performance rights issued. Options and performance rights that are vested on issue are fully expensed on issue whereas options and performance rights with vesting conditions that are yet to be satisfied are expensed throughout the vesting period. If options fail to vest, no amount is recognised in the financial statements.

During the half year, $10,094 of performance rights were expensed to the profit and loss (2017: $14,211).

8: Loss per share

	31 December 2018	31 December 2017
Loss attributable to the members of the group used in calculating basic loss per share	(702,381)	(1,821,985)
Weighted average number of shares used as the denominator in calculating basic loss per share	684,216,408	677,554,286
Total basic loss per share attributable to the ordinary equity owners of the company (cents)	(0.10)	(0.27)

ADDITIONAL INFORMATION

9: 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.

10: Accounting policies

Basis of Preparation of the Interim Financial Report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2018 has been prepared in accordance with requirements of the *Corporations Act 2001* (Cth) and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2018 and any public announcements made by Iron Road Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going concern

As at 31 December 2018, the Group's current liabilities exceed its current assets by $5,089,624. The Group has also experienced an operating loss of $702,381 and negative operating and investing cash flows of $1,691,345 during the half year ended 31 December 2018.

The Group currently has no cash generating assets in operation and $447,699 of available cash at 31 December 2018. The Group has drawn a further $600,000 of the interest free loan made available from Sentient Fund IV in February 2019. Therefore, the continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due is dependent on the Group being successful in:

1) 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 $5.4 million which as at the date of this report is yet to be contractually deferred; and/or
3) funding from a project partner, assisted by the Company's current change in strategy to deliver a less capital intensive project; 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.

11: Dividends

There were no dividends provided for or paid during the half-year ended 31 December 2018.

UNRECOGNISED ITEMS

12: Contingencies

There are no material contingent liabilities or contingent assets of the Group at 31 December 2018.

13: Events after reporting date

No matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations or the state of affairs of the Group in the future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes set out on pages 7 to 18 are in accordance with the *Corporations Act 2001* (Cth), including:

   i.) complying with the *Corporations Regulations 2001* (Cth) and *Australian Accounting Standard AASB 134 Interim Financial Reporting* and other mandatory professional reporting requirements; and

   ii.) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

b) there are reasonable grounds to believe that Iron Road Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Andrew Stocks
Managing Director
Adelaide, South Australia
8 March 2019

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Iron Road Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Iron Road Limited and the entities it controlled during that half-year (the Group)

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Iron Road Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Iron Road Limited is not in accordance with the *Corporations Act 2001* including:

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1. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

We draw attention to note 10 in the half-year financial report, which indicates that the Group incurred a net loss of $702,381 and negative operating cash flows of $854,486 during the half-year ended 31 December 2018. As of that date, the Group's current liabilities exceed its current assets by $5,089,624. The Group currently has no cash-generating assets in operation and with $447,699 of available cash at balance date requires additional funds as detailed in note 10. These conditions, along with other matters set forth in Note 10, indicate that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

PricewaterhouseCoopers

PricewaterhouseCoopers

M. T. Lojszczyk
Partner

Adelaide
8 March 2019