



# 2020

## ANNUAL REPORT

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FOR THE YEAR ENDED  
30 JUNE 2020

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ABN 51 128 698 108



# CORPORATE DIRECTORY

## Directors

### Peter Cassidy

Chairman

### Jerry Ellis AO

Non-Executive Director

### Ian Hume

Non-Executive Director

### Glen Chipman

Executive Director –  
Commercial

## Chief Executive Officer

Larry Ingle

## Company Secretary

Jaroslaw (Jarek) Kopias

## Share Registry

Automic Pty Ltd

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Sydney NSW 2000

Telephone: 1300 288 664 or  
(+61 2) 9698 5414

Email: [hello@automic.com.au](mailto:hello@automic.com.au)

Website: [automicgroup.com.au](http://automicgroup.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](http://www.ironroadlimited.com.au/about-us/corporate-governance)

## Registered Office

Level 3, 63 Pirie Street

Adelaide SA 5000

Telephone 08 8214 4400

## Postal Address

GPO Box 1164

Adelaide SA 5001

## ASX Code IRD

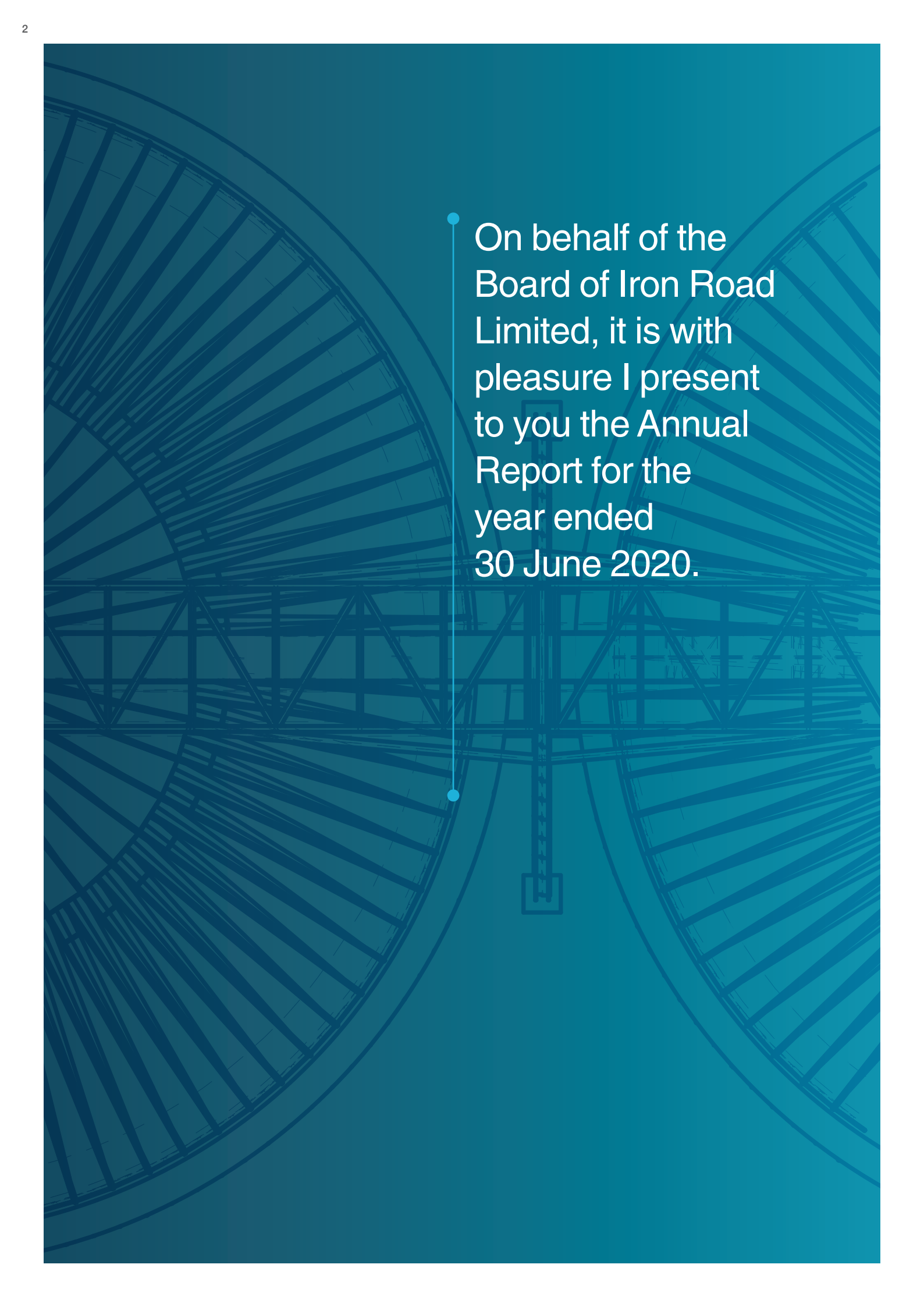
[www.ironroadlimited.com.au](http://www.ironroadlimited.com.au)

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On behalf of the Board of Iron Road Limited, it is with pleasure I present to you the Annual Report for the year ended 30 June 2020.

# MESSAGE FROM THE CHAIRMAN



Dear Shareholder

On behalf of the Board, I am pleased to present the Annual Report for the year ended 30 June 2020.

During the year, and consistent with the Central Eyre Iron Project (CEIP) development strategy, Iron Road continued to build the case for the Cape Hardy Stage I port development. Through our well-established relationships with stakeholders on the Eyre Peninsula and our partner, Eyre Peninsula Cooperative Bulk Handling (EPCBH), Iron Road validated the viability of establishing a grain terminal and multi-user, multi-commodity export facilities ahead of CEIP mining and beneficiation operations.

I am delighted that this work, following six months of extensive due diligence and commercial negotiations with potential investors, has culminated in the signing of a Joint Development Agreement between Iron Road, EPCBH and Macquarie Capital. The agreement signed on 23 September 2020 sets out the relationship between the parties to achieve Financial Close during the third quarter of 2021 and commence construction of the Cape Hardy Stage I port.

In recognition of the economic and strategic significance of the proposed port at Cape Hardy, The Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development announced in mid-December 2019 a \$25 million Federal Government grant commitment to support the Cape Hardy port precinct.

The development of the port facilities ahead of mining operations highlights the strategic value of the proposed Cape Hardy port to potential CEIP investors. A smaller 12Mtpa start-up option for the CEIP results in significantly reduced mine capital requirements, less reliance on electrical power and a lower development risk profile, whilst maintaining product quality and project optionality. Higher modelled infrastructure operating costs are offset by a 45% reduction in orebody pre-strip requirements and a sustainably lower life of mine strip ratio approximating 1:1. Robust market demand for premium iron ore products enables competitive margins to be maintained as shown by the 65% Fe Index averaging approximately US\$100/dmt CFR China over the last three years.

Iron ore prices remained resilient during FY20, and more recently Fe spot prices have strengthened further. The tight seaborne market and strength in prices is primarily attributable to Chinese demand consistently exceeding expectations, combined with supply weakness from Brazil through June 2020. With base levels of supply yet to recover following the Brumadinho tailings dam disaster in January 2019, the impacts of COVID-19 have additionally constrained normalisation of Brazil's export profile. Whilst greenfield projects with higher capital intensity requirements are experiencing financing challenges in a lower global growth environment, underlying fundamentals are favourably balanced for advanced development projects such as the CEIP, particularly if global steel demand (ex-China) also experiences a recovery and pathway back to normalisation during 2021.

Iron Road developed and implemented a plan to manage working through the current COVID-19 environment. The Cape Hardy Stage I port development has progressed efficiently, and discussions with potential project investors has not been materially impacted. The Company expects that these challenges are manageable into the foreseeable future.

I would like to take this opportunity to thank my fellow directors and our staff for their significant contributions to Iron Road. A special thanks to our Managing Director Andrew Stocks, who co-founded Iron Road in 2007, and resigned at the 2019 AGM to pursue other business interests that will permit him to spend more time with his family. I also thank you, my fellow shareholders, for your continued support as we enter this exciting next phase as we look to progress the Cape Hardy Stage I port development and broader CEIP investment attraction activity.

**Peter Cassidy**

Chairman

# OPERATIONS REPORT

Central Eyre Iron Project (CEIP, IRD 100%)



View toward Cape Hardy from Brayfield Road

## Central Eyre Iron Project (CEIP, IRD 100%)

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

The beneficiation plant located at the mine will produce a high quality, low impurity iron concentrate that will serve as a clean, superior blending product for steel mill customers. Production options ranging from 12 to 24Mtpa of 67% iron concentrate is projected over an initial mine life of between 22 to 30 years depending upon the start-up and operating strategy selected. The lighter capital, lower 12Mtpa production strategy demonstrates highly competitive operating margins (See ASX announcement “Revised CEIP Development Strategy” dated 25 February 2019).

Preferred Lower Capital, Lower Risk 12Mtpa CEIP Delivery Model – Key Metrics			
Operating Parameters		Financial Metrics	
Concentrate production (dry)	12Mtpa	Capital Cost	US\$1.74 billion
Concentrate grade	66.7% Fe	Capital intensity	US\$134/wmt
Life of Mine	22 years	FOB operating cost	US\$44.50/wmt <sup>1</sup>
Life of Mine concentrate (dry)	250Mt		
Strip ratio	0.97:1		
Mean power demand	212MW		

IRR Sensitivity at Financial Close <sup>2</sup>					
Long-Term High Grade 65% Iron Index Price Assumption (US\$/dmt)		80	90	100	110
AUD/USD	0.650	21.0%	30.9%	39.1%	46.5%
	0.717	14.1%	25.0%	33.5%	40.8%
	0.750	10.3%	22.1%	30.8%	38.2%

<sup>1</sup> ex state royalty, <sup>2</sup> geared, post-tax IRR at financial close, tax rate of 30%

The proposed deep-water port at Cape Hardy, capable of initially handling Panamax and later Cape-class bulk cargo vessels, will, once fully constructed, be a first for South Australia and a major enhancement of the State’s existing infrastructure base.

The Iron Road investor strategy involves the staging of both CEIP infrastructure and mining where practicable. The former incorporates an early port development, with a later mining option positively impacting all project components, allowing flexibility and cost savings through efficiencies.

# OPERATIONS REPORT

Central Eyre Iron Project (CEIP, IRD 100%)

Iron Ore Price Indices - 5 year trend



Source: Bloomberg, Mysteel

## Iron Ore Market

Over the past 2-3 years, backwardation of the iron ore futures curve has persisted along with bearish market consensus for a subdued iron ore price outlook. Despite this, iron ore prices again remained resilient during FY20, with the benchmark 62% Fe Fines price averaging US\$93/dmt CFR China and the higher grade 65% Fe index averaging US\$105/dmt CFR China. As of late August 2020, 62% Fe and 65% Fe spot prices had strengthened further above US\$120/dmt and US\$130/dmt, respectively.

The tight seaborne market and strength in prices is primarily attributable to both Chinese demand consistently exceeding expectations, in addition to export weakness from Brazil through June 2020. With base levels of supply yet to recover following the Brumadinho tailings dam disaster in January 2019, the impacts of COVID-19 have additionally constrained normalisation of Brazil's export profile.

World Steel Association data shows that although global steel production for January - July 2020 fell 5.3% year-on-year as a result of a sharp contraction in global economic conditions, China's crude steel output has reported 2.8% growth over the corresponding period. As the overwhelming driver of seaborne iron ore prices, China's iron ore imports during January - July 2020 are up approximately 12% year-on-year and the nation is on track to meet a new annual iron ore import record of 1.1 billion tonnes.

Despite sustainably improved incentive pricing signals, greenfield projects with higher capital intensity requirements are still experiencing financing challenges in a lower global growth environment. For the moment, industry majors remain largely focused on replacement tonnage projects and in the case of Vale, restoring previously envisaged output levels over an estimated period of 2-3 years. This indicates that underlying fundamentals are favourably balanced for advanced development projects to steadily progress particularly if global steel demand (ex-China) also experiences a recovery and pathway back to normalisation during 2021.

# OPERATIONS REPORT

Central Eyre Iron Project (CEIP, IRD 100%)



*Cape Hardy Stage I and II port precinct with initial Panamax berth and infrastructure mainly for grain export and later Capesize berths with infrastructure for bulk commodity minerals, green manufacturing and the import and export of other goods*

## Cape Hardy Stage I port

Iron Road's staged strategy envisages the initial construction and commissioning of a globally competitive grain terminal and Panamax-capable export port with multi-user and multi-commodity functionality. Following in the medium to longer term are Stages II and III allowing for the export and import of bulk minerals and liquids, general cargo, high value goods and potential leverage to renewable/green energy technology growth, including hydrogen. Common to all stages is third party access, an integral feature of the CEIP infrastructure design philosophy, improving the short and long-term resilience of the Eyre Peninsula.

In recognition of the economic significance of the proposed port at Cape Hardy, The Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development announced on 15 December 2019 a \$25 million Federal Government grant commitment to support the Cape Hardy port precinct.

The Cape Hardy Stage I port financing plan, delivery model and project structure continued to be progressed largely unaffected by COVID-19 challenges. The Company is actively assessing opportunities in the market and remains engaged in advanced discussions with global strategic investors capable of bringing equity and underpinning debt finance for the Stage I port. In addition to the Stage I opportunity, further growth prospects offered by the Stage II and Stage III port expansions are attracting interest from global tier 1 investors. Numerous other parties continue to approach the Company with an interest in import and export opportunities, some with the intent of establishing complementary landside infrastructure.

Project partner, Eyre Peninsula Co-operative Bulk Handling (EPCBH) is similarly engaged in partnership discussions providing valuable knowledge of the grain agribusiness on the Eyre Peninsula. EPCBH commenced with and has continued informal engagement of growers across the Eyre Peninsula, expanding and consolidating its membership base in support of the proposed Cape Hardy Stage I port development.

The adoption of a staged approach to the port development necessitates a variation to the Development Approval currently in place for the Cape Hardy port development. The variation process, initiated by Iron Road, involves resubmission of some aspects of the original approval to accommodate the change in the scope of the project. The variation is currently progressing well, and the Company expects completion of the variation by the end of the 2020 calendar year.



# OPERATIONS REPORT

Central Eyre Iron Project (CEIP, IRD 100%)



The Eyre Peninsula Link comprises a new 270 kilometre, high-voltage transmission line to be constructed from Cultana to Port Lincoln, via Yadrarie (Image- Jon Mussared)

## Community & Stakeholder Engagement

The plan for a staged development at the proposed port at Cape Hardy and the smaller scale mining start-up option has received broad support from various stakeholders. Iron Road continues to engage with EPCBH, Eyre Peninsula Local Government Association (EPLGA), Regional Development Australia Eyre Peninsula (RDAEP), Wudinna District Council, District Council of Tumby Bay, local community groups, as well as various Ministers, local members, and Government agency representatives.

Iron Road has undertaken numerous meetings with the South Australian State Government, including with the Minister for Transport, Infrastructure, Local Government and Planning to discuss specific infrastructure on the Eyre Peninsula. This discussion covered road upgrades and new port infrastructure on the Eyre Peninsula and afforded the opportunity to update the Minister on plans for the Cape Hardy Stage I port.

The Company meets regularly with the CEIP Task Force and the CEIP Working Group, both of which are sponsored by the Minister for Energy and Mining (SA), The Honourable Dan van Holst Pellekaan.

## Eyre Peninsula Power Upgrade

ElectraNet has recently commenced local industry briefings for the Eyre Peninsula Link, the proposed new 270 kilometre, high-voltage transmission line to be constructed from Cultana to Port Lincoln, via Yadrarie. The project is subject to the Australian Energy Regulator (AER) making its Contingent Project Application determination expected in the coming months.

The \$290 million upgrade includes replacing the existing single-circuit 132kV line constructed in 1967 with a new double-circuit 132kV transmission line on the east coast of the Eyre Peninsula. The design incorporates the ability to upgrade the Cultana to Yadrarie section to 275kV later, through an upgrade of the Yadrarie West substation, to accommodate the electrical power supply needs of the CEIP.

## COVID-19

Iron Road developed and implemented a plan to manage working through the current COVID-19 pandemic impacted environment. Initially, the office was closed for a short period and employees worked from home. The use of video conferencing and sharing of documents and work via computer networks allowed unrestricted progress and effective use of time. More recently, with the South Australian Government relaxing restrictions, work has moved back to the office where appropriate controls are in place. Throughout this entire period, Iron Road has progressed the Cape Hardy Stage I port development efficiently, and discussions with potential project investors has not been materially impacted.

# OPERATIONS REPORT

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



*The Cape Hardy port precinct comprises 1,100Ha gulf front land wholly owned by Iron Road Ltd*

## Corporate

Iron Road remains in advanced discussions with global tier 1 strategic investors to secure equity and debt financing for the Cape Hardy Stage I port. The near-term strategy to source investment to progress the Stage I opportunity is designed to unlock greater near-term value recognition for shareholders and enhance complementary longer term value recognition for the CEIP, as well as growth prospects offered by the Stage II and Stage III port expansions.

At the 2019 AGM, long serving Managing Director, Mr Andrew Stocks, who co-founded Iron Road in 2007, resigned to pursue other business interests that will permit him to spend more time with his family. The Company's General Manager, Mr Larry Ingle succeeded Mr Andrew Stocks as Iron Road's Chief Executive Officer and Non-Executive director Mr Glen Chipman took on the role of Executive Director - Commercial. Mr Arthur Hunt, formally Engineering Manager - CEIP, was appointed to General Manager - Projects.

On 23 July 2020 Iron Road announced that the Company's largest shareholder, Sentient Global Resources Fund IV, provided \$400,000 in funds under the current facility and in principle committed to a further \$1,000,000 in funding capacity yet to be contractually extended. The facility attracts nil interest and is repayable in March 2021.

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

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

# OPERATIONS REPORT

## Global mineral resource and ore reserves statement

Resource Classification	Dry Tonnes (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)
Proved	2,131	15.55	53.78	12.85
Probable	1,550	14.40	53.58	12.64
<b>Total</b>	<b>3,681</b>	<b>15.07</b>	<b>53.70</b>	<b>12.76</b>

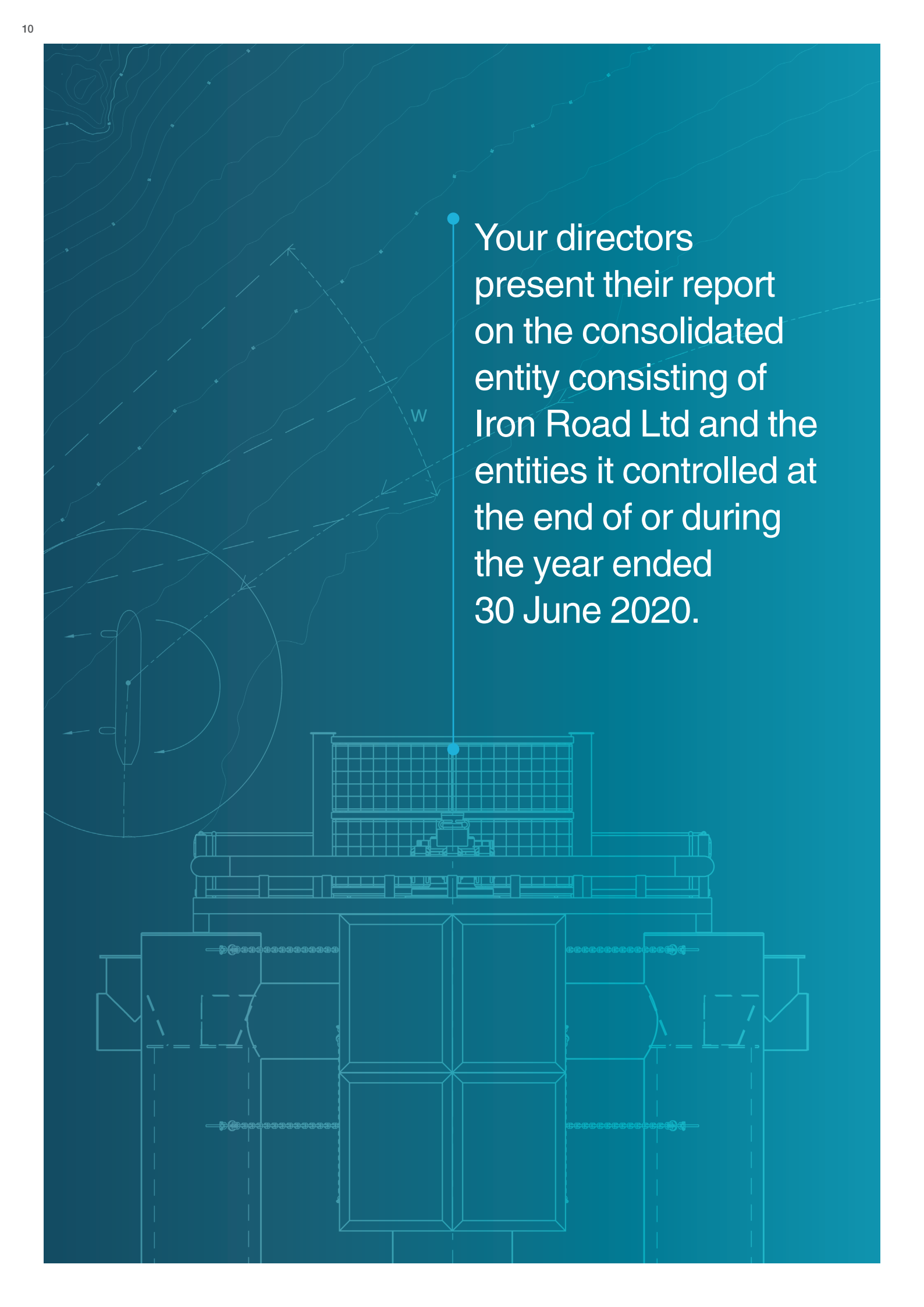
The Ore Reserves estimated for CEIP involving mine planning is based on and fairly represents information and supporting documentation compiled by Mr Bob McCarthy, a Member of the Association of Professional Engineers and Geoscientists of British Columbia (Canada) and a full time employee of SRK Consulting (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.

Location	Classification	Tonnes (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	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
<b>Total</b>		<b>4,510</b>	<b>16</b>	<b>53</b>	<b>13</b>	<b>0.08</b>	<b>3.5</b>

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 these announcements and all material assumptions and technical parameters underpinning the Mineral Resource continue to apply and have not materially changed.

Iron (Fe)	Silica (SiO <sub>2</sub> )	Alumina (Al <sub>2</sub> O <sub>3</sub> )	Phosphorous (P)
<b>66.7%</b>	<b>3.36%</b>	<b>1.90%</b>	<b>0.009%</b>

\* 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.

The background of the page is a technical drawing in white lines on a teal background. It features a topographic map with contour lines and a dashed line with arrows in the upper left. Below this is a circular diagram with arrows indicating rotation. The lower half of the page is dominated by a detailed cross-section of a mechanical assembly, showing various components like a grid-like structure, a central shaft, and various housing parts with dashed lines indicating hidden internal features.

Your directors  
present their report  
on the consolidated  
entity consisting of  
Iron Road Ltd and the  
entities it controlled at  
the end of or during  
the year ended  
30 June 2020.

# DIRECTORS' REPORT

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

## Directors and Company Secretary

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

**Peter Cassidy**

**Jerry Ellis AO**

**Ian Hume**

**Glen Chipman**

**Jaroslaw Kopias** – Company Secretary

**Andrew Stocks** – resigned as director  
22 November 2019

## Principal activities

The principal activity of the Group during the year was the exploration and evaluation of the Group's iron ore interests at the Central Eyre Iron Project (CEIP) in South Australia including pursuit of the Cape Hardy Stage I port development via the "Grain First" strategy.

## Dividends

No dividends were paid, declared or recommended during the year ended 30 June 2020.

## Corporate governance statement

Iron Road Ltd 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 and can be viewed at [www.ironroadlimited.com.au/about-us/corporate-governance](http://www.ironroadlimited.com.au/about-us/corporate-governance).

## Review of operations

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

## Significant changes in the state of affairs

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

## Events since the end of the financial year

On 23 July 2020 Iron Road announced that the Company's largest shareholder, Sentient Global Resources Fund IV, provided \$400,000 in funds under the current facility and in principle committed to a further \$1,000,000 in funding capacity yet to be contractually extended. The facility attracts nil interest and is repayable in March 2021.

On 24 September 2020 the Company announced Macquarie Capital has signed a Joint Development Agreement (JDA) with Iron Road and Eyre Peninsula Co-operative Bulk Handling (EPCBH) to advance development and financing plans for the proposed \$250 million Cape Hardy Stage I multi-user, multi-commodity port facility. Under a parallel agreement Macquarie Capital will be issued 40 million warrants (options) in Iron Road, exercisable at \$0.075, with vesting contingent on financial close and commercial operations being achieved.

## Likely developments and expected results of operations

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

## Environmental regulation

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

# DIRECTORS' REPORT



## Peter Cassidy

CHAIRMAN

Dr Cassidy has been an international private capital investor since the 1990's. 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.



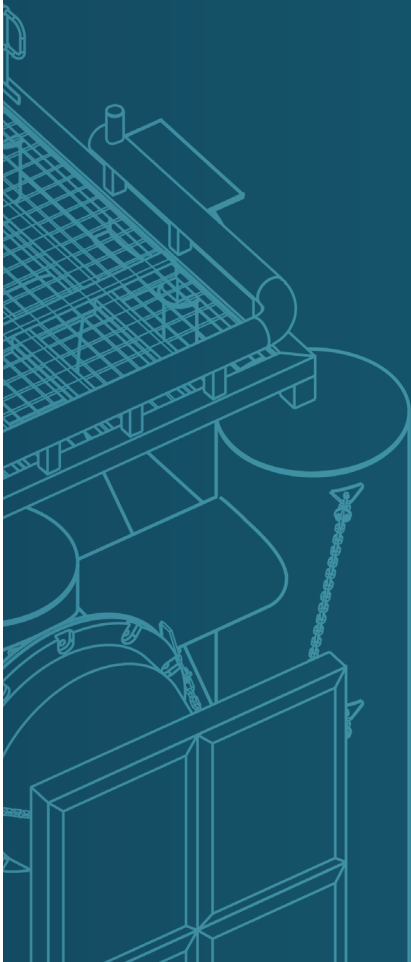
## Jerry Ellis AO

NON-EXECUTIVE DIRECTOR

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

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

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



# DIRECTORS' REPORT



## 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
- » African Energy Resources Limited\*

\* denotes current directorship



## Glen Chipman

EXECUTIVE DIRECTOR - COMMERCIAL

Mr Chipman 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. Mr Chipman was appointed Executive Director – Commercial in November 2019 having joined the board as a non-executive director in March 2018.

He has a chemical engineering background and 20 years of combined mining / minerals processing, commodities and equity capital markets experience.

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

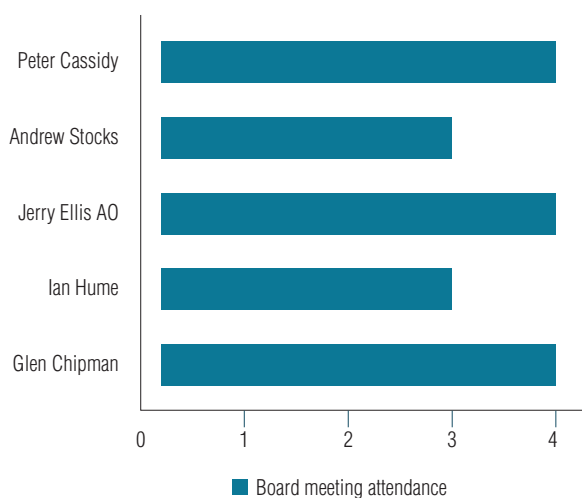


# DIRECTORS' REPORT

## Remuneration report

### Meetings of directors

There were four board meetings held during the year ended 30 June 2020 with attendance as Follows:



\*Mr Stocks was entitled to attend and attended 3 meetings.

### Remuneration report

The directors present the Iron Road Ltd 2020 remuneration report, outlining key aspects of the remuneration policy and framework and the remuneration awarded during the year.

The report is structured as follows:

- a) Key management personnel (KMP) covered in this report
- b) Remuneration policy and link to performance
- c) Elements of remuneration
- d) Remuneration expenses for executive KMP
- e) Contractual arrangements for executive KMP
- f) Non-executive director arrangements
- g) Additional statutory information

### a) Key management personnel covered in this report

#### Executive and Non-executive directors:

Peter Cassidy – Chairman

Jerry Ellis AO - Non-executive Director

Ian Hume - Non-executive Director

Glen Chipman - Executive Director - Commercial

Andrew Stocks - Managing Director (resigned 22 November 2019)

#### Other key management personnel:

Larry Ingle – Chief Executive Officer

### b) Remuneration policy and link to performance

The remuneration policy of Iron Road Ltd 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 Ltd 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.



# DIRECTORS' REPORT

## Remuneration report

	30 June 2020 \$	30 June 2019 \$	30 June 2018 \$	30 June 2017 \$	30 June 2016 \$
Revenue	50,762	21,351	1,844	4,407	5,481
Loss before tax	(1,769,964)	(2,161,350)	(3,253,530)	(3,926,284)	(6,674,238)
Share price at 30 June	0.063	0.053	0.100	0.175	0.110
Basic loss per share (cents)	(0.26)	(0.31)	(0.48)	(0.58)	(1.16)

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

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

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

### Statutory performance indicators

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

## c) Elements of remuneration

### Fixed annual remuneration

Executives receive their fixed remuneration as cash and statutory superannuation. Fixed remuneration is reviewed annually by the Board and benchmarked against market data for comparable roles in listed companies across the resources sector.

### 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.

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

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

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

# DIRECTORS' REPORT

## Remuneration report

### 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.

Name	Year	Fixed remuneration			Variable remuneration	Total	
		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* \$
<b>Managing Director</b>							
Andrew Stocks (resigned 22 Nov 2019)	2020	150,025	-	16,357	13,821	(216,762)	(36,559)
	2019	335,000	-	(10,174)	25,000	29,820	379,646
<b>Other key management personnel</b>							
<b>Chief Executive Officer</b>							
Larry Ingle	2020	311,510	-	26,319	22,817	(144,508)	216,138
	2019	275,671	-	(13,449)	26,189	19,881	308,292
Total Executive Director and KMP	2020	461,535	-	42,676	36,638	(361,270)	179,579
	2019	610,671	-	(23,623)	51,189	49,701	687,938

\* Performance rights under the executive LTI scheme are expensed over the vesting period and reversed if performance conditions are not met. Refer to page 17 for additional information.

On 13 November 2019 Glen Chipman was appointed Executive Director – Commercial having joined the Board as a non-executive director in March 2018. As a representative of Iron Road's major shareholder, the Sentient Global Resources Funds, Mr Chipman does not receive any remuneration directly from the Group.

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

### e) Contractual arrangements for executive KMP

	Larry Ingle Chief Executive Officer	Andrew Stocks Managing Director (resigned 22 November 2019)
Fixed remuneration*	\$355,400 including statutory superannuation	\$400,000 including statutory superannuation
Contract duration	No fixed term arrangement	No fixed term arrangement
Notice by the individual/company	Three months	Three months

\* fixed remuneration was set at 90% of contractual entitlement for the period 1 July 2018 to 22 November 2019

### f) Non-executive director arrangements

Non-executive directors received a board fee of \$5,000 per annum. Non-executive directors do not receive performance based remuneration, retirement allowances or termination benefits. Peter Cassidy and Glen Chipman have elected not to receive a board fee for the 2020 financial year consequently there is no split between fixed and at-risk remuneration for these directors.

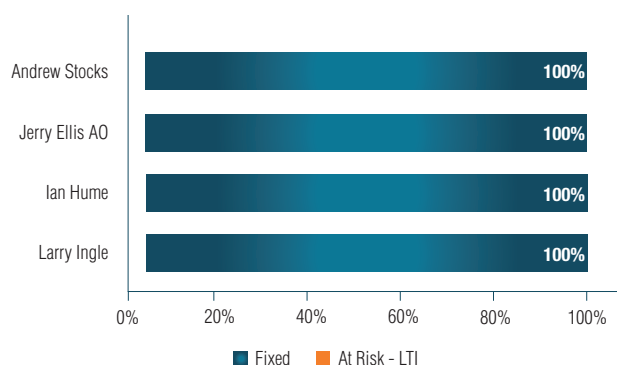
The maximum aggregate amount of fees that can be paid to non executive directors is currently \$400,000 which was approved by shareholders at the 2012 AGM on 23 November 2012.

# DIRECTORS' REPORT

## Remuneration report

### g) Additional statutory information

#### Remuneration mix for financial year 2020



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 Chief Executive Officer 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 on issue

2020 KMP and Grant date	Balance at the start of the year	Lapsed/ expired during the year	Balance at the end of the year		Maximum value yet to vest
			Vested and exercisable	Unvested	
<b>Andrew Stocks</b> 23 December 2014	3,000,000	(3,000,000)	-	-	-
<b>Larry Ingle</b> 23 December 2014	2,000,000	(2,000,000)	-	-	-
<b>Total</b>	<b>5,000,000</b>	<b>(5,000,000)</b>	-	-	-

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 Ltd 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.

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.

There were no performance rights granted during the year ended 30 June 2020 and no performance rights on issue at the balance date. During the year 3,000,000 performance rights held by former Managing Director Andrew Stocks lapsed upon resignation and 2,000,000 performance rights held by Chief Executive Officer Larry Ingle expired on 13 January 2020 due to performance conditions not being met.

# DIRECTORS' REPORT

## Remuneration report

### Options

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

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

There are no unissued ordinary shares of Iron Road Ltd under option for directors and executives as at 30 June 2020.

### Shareholdings

Changes to directors' holdings over the year to 30 June 2020 are shown below:

Ordinary Shares held by:	30 June 2019	Acquired	30 June 2020
Peter Cassidy	8,689,973	-	8,689,973
Jerry Ellis AO	326,074	-	326,074
Ian Hume	5,914,344	-	5,914,344
Glen Chipman	234,698	389,673	624,371
<b>Total</b>	<b>15,165,089</b>	<b>389,673</b>	<b>15,554,762</b>

Mr Chipman acquired 389,673 shares on-market during 2019/20. Andrew Stocks held 2,915,938 shares at the time of his resignation as a director on 22 November 2019.

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

### Voting of shareholders Annual General Meeting held on 22 November 2019

Iron Road Ltd received more than 99% of "yes" votes on its remuneration report for the 2019 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 Ltd paid an insurance premium to insure the directors and officers of the Group and its controlled entities.

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

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

- » access to corporate records for each director for a period after ceasing to hold office in the company;
- » the provision of directors and officers liability insurance; and
- » indemnity for legal costs incurred by directors in carrying out the business affairs of the company.

### Proceedings on behalf of the company

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

### Non-audit services

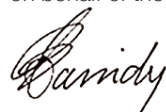
The Group may decide to engage the auditor on assignments additional to their statutory audit duties where the auditors expertise and experience with the Group are important. The Board is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors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

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

### Auditor's independence declaration

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

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



**Peter Cassidy**

Chairman

28 September 2020

# DIRECTORS' REPORT

Auditor's Independent Declaration



## *Auditor's Independence Declaration*

As lead auditor for the audit of Iron Road Ltd for the year ended 30 June 2020, 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 Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'M. T. Lejszczyk', is written over a light blue circular stamp.

M. T. Lejszczyk  
Partner  
PricewaterhouseCoopers

Adelaide  
28 September 2020

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Liability limited by a scheme approved under Professional Standards Legislation.

# OPERATING AND FINANCIAL REVIEW

## Company strategy and operating activities

The Group's focus during the year has been the 'grain first' strategy, to build a globally competitive grain terminal and Panamax-capable port export facility at Cape Hardy ahead of mining activities. The Stage I development is intended to be followed by Stage II allowing for Cape-class vessels and the commercialisation of the Central Eyre Iron Project (CEIP). The strategy allows for a delivery model that includes reducing the iron concentrate production rate and substantially lowering the project capital requirements and time to market. The model also significantly decreases electricity demand and allows for optionality whereby heavy haulage rail may be replaced by dual-powered road trains operating on a private haul road.

In recognition of the economic significance of the proposed port at Cape Hardy, The Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development announced on 15 December 2019 a \$25 million Federal Government grant commitment to support the Cape Hardy port precinct.

The Group continues to pursue its plans for the Cape Hardy Stage I port development and progress investment models and associated partnership structures with global tier 1 strategic investors.

# OPERATING AND FINANCIAL REVIEW

## Operating results for the year

The principal activities of the Group during the year were executing the Cape Hardy Stage I port strategy leading to Stage II and the development of a less capital intensive and lower risk delivery model for the CEIP.

The Group incurred an operating loss after income tax for the year ended 30 June 2020 of \$1,769,964 (2019: \$2,161,350) reflecting several cost saving initiatives.

## Changes in financial position

The Group's net assets decreased by 1% this year (2020: \$123,163,117 from 2019: \$125,294,351). \$2 million in funds were provided by the Sentient Global Resources Fund IV. These funds were applied towards exploration and evaluation expenditure and administrative expenses. At year end, the Sentient Global Resources Fund IV facility has a balance of \$8.0 million, attracts nil interest and is repayable by 31 March 2021.

The Group currently has no cash generating assets in operation and \$385,455 of available cash at 30 June 2020. Therefore, there is material uncertainty as to the continuing viability of the Group and its ability to continue as a going concern (refer to Note 17 and the Independent Auditor's Report for further details).

## Risk management

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

# FINANCIAL STATEMENTS

For the year ended 30 June 2020

## CONTENTS

Financial statements	Consolidated Income Statement and Statement of Comprehensive Income	Page 23
	Consolidated Statement of Financial Position	Page 24
	Consolidated Statement of Changes in Equity	Page 25
	Consolidated Statement of Cash Flows	Page 26
Notes to the financial statements	<b>Structure of notes and materiality</b>	Page 27
	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 it has been considered material and relevant to the understanding of the financial statements.



# CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 (\$)	2019 (\$)
<b>Revenue and other income</b>			
Other income		50,762	21,351
<b>Expenses</b>			
Impairment of exploration assets		-	(468)
Depreciation	3	(48,358)	(55,168)
Employee benefits expense	4	(351,575)	(893,368)
Exploration expenses	2	(887,753)	(653,446)
General expenses		(55,223)	(88,493)
Professional fees	4	(193,468)	(223,953)
Travel and accommodation		(72,933)	(61,026)
Marketing		(8,424)	(15,037)
Rent and administration		(202,992)	(191,742)
<b>Loss before income tax</b>		<b>(1,769,964)</b>	<b>(2,161,350)</b>
Income tax expense	6	-	-
<b>Loss for the period</b>		<b>(1,769,964)</b>	<b>(2,161,350)</b>
Other comprehensive loss for the period		-	-
Total comprehensive income for the period attributable to owners of Iron Road Ltd		<b>(1,769,964)</b>	<b>(2,161,350)</b>
Loss per share attributable to the ordinary equity holders of the company:			
		Cents	Cents
Basic and diluted loss per share (cents)	15	<b>(0.26)</b>	(0.31)

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

ASSETS	Note	2020 (\$)	2019 (\$)
<b>Current assets</b>			
Cash and cash equivalents	1	340,455	688,071
Bank term deposits	1	45,000	45,000
Prepayments and other receivables	7	45,069	33,855
<b>Total current assets</b>		<b>430,524</b>	<b>766,926</b>
<b>Non-current assets</b>			
Exploration and evaluation expenditure	2	121,959,760	121,959,760
Property, plant and equipment	3	9,793,021	9,841,379
<b>Total non-current assets</b>		<b>131,752,781</b>	<b>131,801,139</b>
<b>Total assets</b>		<b>132,183,305</b>	<b>132,568,065</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	8,720,441	6,720,246
Provisions	5	264,885	532,014
<b>Total current liabilities</b>		<b>8,985,326</b>	<b>7,252,260</b>
<b>Non-current liabilities</b>			
Provisions	5	34,862	21,454
<b>Total non-current liabilities</b>		<b>34,862</b>	<b>21,454</b>
<b>Total liabilities</b>		<b>9,020,188</b>	<b>7,273,714</b>
<b>Net assets</b>		<b>123,163,117</b>	<b>125,294,351</b>
<b>EQUITY</b>			
Contributed equity	13	162,093,715	162,093,715
Reserves		4,766,758	5,128,028
Accumulated losses	13	(43,697,356)	(41,927,392)
<b>Total equity</b>		<b>123,163,117</b>	<b>125,294,351</b>

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 2020

Attributable to owners of Iron Road Limited					
		Contributed Equity	Accumulated losses	Reserves	Total Equity
	Note	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>		160,916,191	(39,766,042)	5,078,327	126,228,476
Loss for the year		-	(2,161,350)	-	(2,161,350)
<b>Transactions with owners in their capacity as owners:</b>					
Contributions to equity net of transaction costs		1,177,524	-	-	1,177,524
Share based payments	14	-	-	49,701	49,701
<b>Balance at 30 June 2019</b>		<b>162,093,715</b>	<b>(41,927,392)</b>	<b>5,128,028</b>	<b>125,294,351</b>
Loss for the year		-	(1,769,964)	-	(1,769,964)
<b>Transactions with owners in their capacity as owners:</b>					
Contributions to equity net of transaction costs		-	-	-	-
Share based payments	14	-	-	(361,270)	(361,270)
<b>Balance at 30 June 2020</b>		<b>162,093,715</b>	<b>(43,697,356)</b>	<b>4,766,758</b>	<b>123,163,117</b>

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 2020

	Note	2020 (\$)	2019 (\$)
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (inclusive of GST)		(2,348,378)	(1,619,810)
Interest received		762	1,351
<b>Net cash outflow from operating activities</b>	4	<b>(2,347,616)</b>	<b>(1,618,459)</b>
<b>Cash flows from investing activities</b>			
Payments for term deposits		(180,000)	(180,000)
Proceeds from term deposits		180,000	225,000
Payments for exploration and evaluation		-	(1,097,515)
Proceeds from sale of assets		-	20,000
<b>Net cash outflow from investing activities</b>		<b>-</b>	<b>(1,032,515)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	13	-	1,209,701
Share issue transaction costs		-	(32,177)
Proceeds/(repayment) of borrowings		2,000,000	2,000,000
<b>Net cash inflow from financing activities</b>		<b>2,000,000</b>	<b>3,177,524</b>
<b>Net increase in cash and cash equivalents</b>		<b>(347,616)</b>	<b>526,550</b>
Cash and cash equivalents at the beginning of the year		688,071	161,521
<b>Cash and cash equivalents at the end of the year</b>	1	<b>340,455</b>	688,071

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## KEY NUMBERS

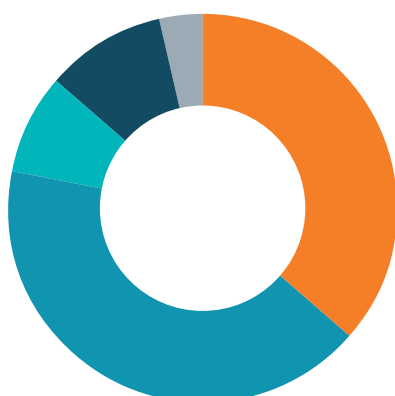
### 1. Cash

#### Where we spent money

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

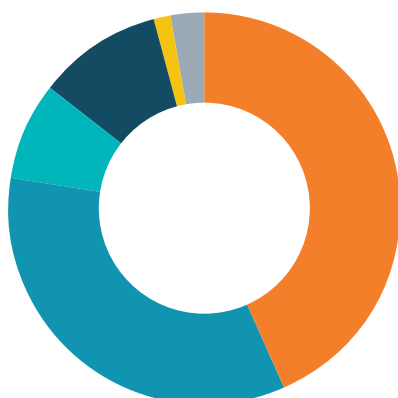
Cash and cash equivalents at 30 June 2020 was \$340,455 (2019: \$688,071) and bank term deposits held were \$45,000 (2019: \$45,000). The bank term deposit of \$45,000 is held as security for the Group's credit card facility.

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



**\$2,348,378**  
2020

Exploration and evaluation	\$857,452
Employee benefits expense	\$979,763
Professional fees	\$193,468
Rent and administration	\$236,338
Share issue transaction costs	-
Other	\$81,357



**\$2,749,502**  
2019

Exploration and evaluation	\$1,097,515
Employee benefits expense	\$940,941
Professional fees	\$223,953
Rent and administration	\$378,853
Share issue transaction costs	\$32,177
Other	\$76,063

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## KEY NUMBERS

### 2. Exploration

There was no exploration and evaluation expenditure capitalised in relation to the CEIP's exploration licence 5934 for the year ended 30 June 2020 (2019: \$95,107). From 1 January 2019 expenditure on maintaining the mining lease, that has not progressed the CEIP, has been expensed. The total exploration expense for the year was \$887,753 (2019: \$653,446).

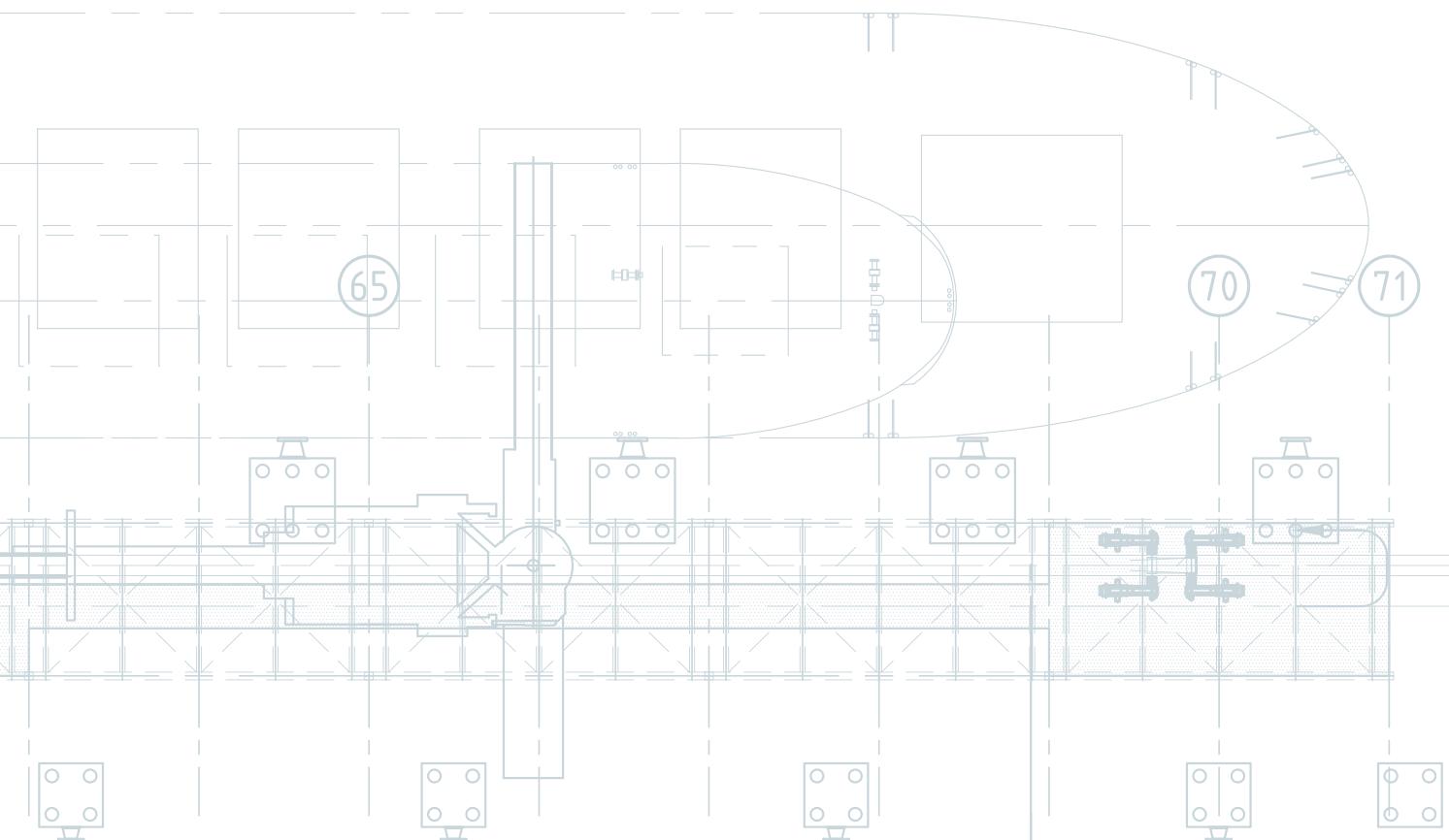
The CEIP asset is tested for impairment periodically or when events or circumstances indicate the carrying value may not be recoverable. For the year ended 30 June 2020, the directors deemed the current capitalisation of development of the CEIP mineral resource to be appropriate, as the Group continues 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 mineral resource has been identified. This appropriately recognises that these projects are in an 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 time of recognition. Recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

For areas of interest where a JORC compliant mineral 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.

#### 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 ore reserves not allow for economic development, amounts recorded may require impairment in future periods. Iron Road periodically evaluates the economic potential of the CEIP using discounted cashflow modelling techniques. The model includes assumptions for production volumes, forecast iron ore pricing, foreign exchange rates and project costs, which are updated for the latest available data.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## KEY NUMBERS

### 3. Property, plant and equipment

During the year ended 30 June 2020, the Group did not acquire any property, plant and equipment (2019: nil).

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

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

	LAND AND BUILDINGS		PLANT AND EQUIPMENT		Total (\$)
	Land (\$)	Buildings & Improvements (\$)	Plant & Equipment (\$)	Motor Vehicles (\$)	
<b>Year ended 30 June 2019</b>					
Opening net book value	9,025,418	713,285	155,542	2,302	9,896,547
Additions	-	-	-	-	-
Depreciation charge	-	(21,467)	(33,227)	(474)	(55,168)
<b>Closing net book amount</b>	<b>9,025,418</b>	<b>691,818</b>	<b>122,315</b>	<b>1,828</b>	<b>9,841,379</b>
<b>At 30 June 2019</b>					
Cost or fair value	9,025,418	847,518	1,086,433	40,097	10,999,466
Accumulated depreciation	-	(155,700)	(964,118)	(38,269)	(1,158,087)
<b>Net book amount</b>	<b>9,025,418</b>	<b>691,818</b>	<b>122,315</b>	<b>1,828</b>	<b>9,841,379</b>
<b>Year ended 30 June 2020</b>					
Opening net book value	9,025,418	691,818	122,315	1,828	9,841,379
Additions	-	-	-	-	-
Depreciation charge	-	(21,526)	(26,357)	(475)	(48,358)
<b>Closing net book amount</b>	<b>9,025,418</b>	<b>670,292</b>	<b>95,958</b>	<b>1,353</b>	<b>9,793,021</b>
<b>At 30 June 2020</b>					
Cost or fair value	9,025,418	847,518	875,561	40,097	10,788,594
Accumulated depreciation	-	(177,226)	(779,603)	(38,744)	(995,573)
<b>Net book amount</b>	<b>9,025,418</b>	<b>670,292</b>	<b>95,958</b>	<b>1,353</b>	<b>9,793,021</b>

The Group disposed of a number of items of IT related plant and equipment during the year, all of which had been fully depreciated. In the prior year the Group disposed of a motor vehicle for \$20,000 and wrote-off leasehold improvements at the Group's former offices at 30 Currie Street, Adelaide, all of which had been fully depreciated. A gain on disposal of asset of \$20,000 was therefore recognised in the Consolidated Income Statement as other income in 2019.

#### 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 depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

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

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

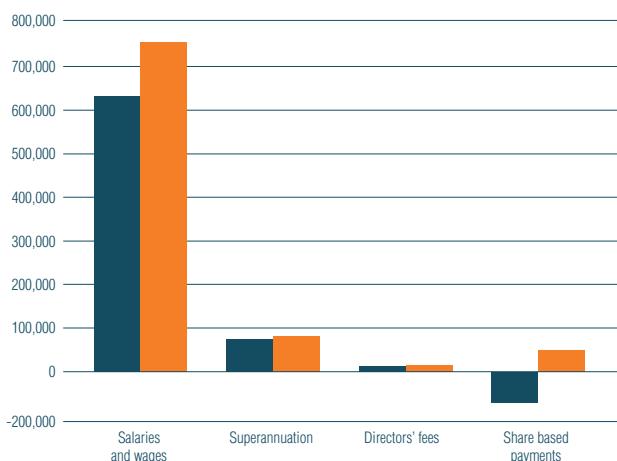
# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## KEY NUMBERS

### 4. Operating activities

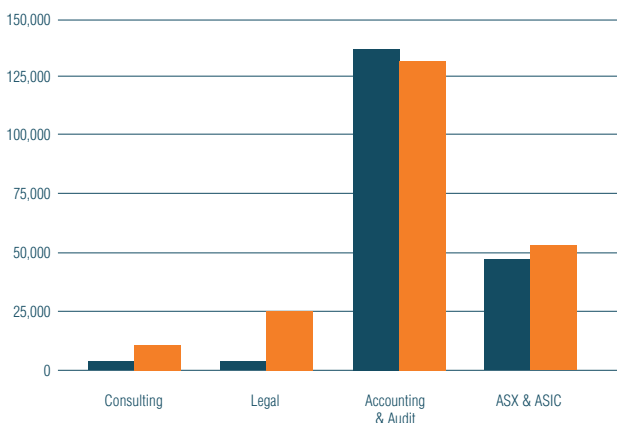
Operating expenses were \$1,820,726 for the year ended 30 June 2020 (2019: \$2,182,702) and include the following:



#### Employee benefits expense

	2020	2019
<b>Total</b>	<b>\$351,575</b>	<b>\$893,368</b>
Salaries and other employee benefits	\$631,124	\$753,959
Superannuation	\$71,721	\$78,528
Directors' fees	\$10,000	\$11,180
Share based payments expense	(\$361,270)	\$49,701

Share based payments expense related to previously expensed performance rights of \$361,270 reversed to the profit and loss due to the lapse of 3,000,000 performance rights held by former Managing Director Andrew Stocks and 2,000,000 performance rights held by Chief Executive Officer Larry Ingle expiring 13 January 2020 where the performance conditions were not met (2019: \$49,701 expense).



#### Professional fees

	2020	2019
<b>Total</b>	<b>\$193,468</b>	<b>\$223,953</b>
Consulting	\$3,745	\$11,147
Legal	\$3,440	\$25,457
Accounting & audit	\$137,706	\$132,554
ASX & ASIC	\$48,577	\$54,795

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

	2020 \$	2019 \$
<b>Net loss for the period</b>	<b>(1,769,964)</b>	<b>(2,161,350)</b>
Depreciation	48,358	55,168
Share based payments	(361,270)	49,701
Gain on disposal of asset	-	(20,000)
Impairment of exploration assets	-	468
<b>Change in operating assets and liabilities</b>		
(Decrease)/Increase in other receivables	(11,214)	3,669
Increase/(Decrease) in trade payables	195	496,213
Increase/(Decrease) in other provisions	(253,721)	(42,328)
<b>Net cash outflow from operating activities</b>	<b>(2,347,616)</b>	<b>(1,618,459)</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## KEY NUMBERS

### 5. Provisions

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

Provisions	CURRENT PROVISIONS			NON CURRENT PROVISIONS	Total \$
	Annual leave \$	Long service leave \$	Sub-total \$	Long service leave \$	
Carrying amount as at 1 July 2019	283,734	248,280	532,014	21,454	553,468
Additional provision recognised during the year	76,914	17,513	94,427	13,408	107,835
Amounts used or paid out during the year	(239,916)	(121,640)	(361,556)	-	(361,556)
<b>Carrying amount as at 30 June 2020</b>	<b>120,732</b>	<b>144,153</b>	<b>264,885</b>	<b>34,862</b>	<b>299,747</b>

#### Short term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating 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. Consequently, they are 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:

	2020 \$	2019 \$
Annual leave obligations expected to be settled after twelve months	72,439	170,240
Current long service leave obligations to be settled after twelve months	144,152	248,280
<b>Total current leave obligations expected to be settled after twelve months</b>	<b>216,591</b>	418,520

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## KEY NUMBERS

### 6. Taxation

Iron Road Ltd 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 2020 (2019: 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	2020 \$	2019 \$
Loss from continuing operations before income tax benefit	(1,769,964)	(2,161,350)
Tax at the Australian tax rate of 30% (2019: 30%)	(530,989)	(648,405)
Tax effect of amounts which are not deductible in calculating taxable income	(108,381)	14,781
Current year tax losses not recognised	639,370	633,624
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

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	2020 \$	2019 \$
<b>The balance of deferred tax assets comprises temporary differences attributable to:</b>		
Tax losses	44,513,300	44,011,520
Business related costs	-	14,015
Accrued expenses	105,178	186,243
<b>Total recognised and unrecognised deferred tax assets</b>	<b>44,618,478</b>	44,211,778
<b>The balance of deferred tax liabilities comprises temporary differences attributable to:</b>		
Exploration expenditure	33,997,465	34,216,988
<b>Total deferred tax liabilities</b>	<b>33,997,465</b>	34,216,988
Net deferred tax assets	10,621,014	9,994,791
Deferred tax assets not recognised	(10,621,014)	(9,994,791)
<b>Net deferred tax assets</b>	<b>-</b>	<b>-</b>

A net deferred tax asset of \$10,621,014 (2019: \$9,994,791) has not been recognised as it is not probable within the immediate future that taxable profits will be available against which temporary differences and tax losses can be utilised.

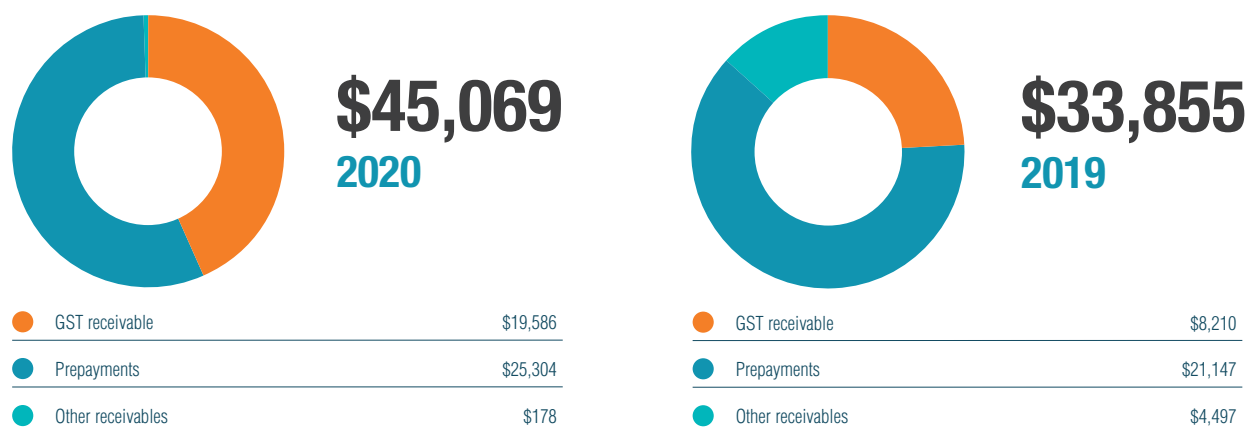
# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## KEY NUMBERS

### 7. Prepayments and other receivables

Prepayments and other receivables for the year ended 30 June 2020 were \$45,069 (2019: \$33,855).



As at 30 June 2020, there were no other receivables that were past due or impaired (2019: 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

	2020 \$	2019 \$
Trade payables	670,642	616,117
Accruals	49,799	104,129
Short term loan facility	8,000,000	6,000,000
<b>Total trade and other payables</b>	<b>8,720,441</b>	<b>6,720,246</b>

Trade and other payables for the year ended 30 June 2020 were \$8,720,441 (2019: \$6,720,246). The Group received \$2,000,000 in short term finance from its largest shareholder, Sentient Global Resources Fund IV, which is reflected in short term facility in trade and other payables. The facility attracts nil interest and is repayable on 31 March 2021.

Trade payables includes \$571,426 in annual mining lease rental fees associated with the CEIP mineral lease ML6467 (2019: \$546,028).

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## STRUCTURES

### 9. Controlled entities

Iron Road Ltd has the following subsidiaries, all of which are 100% owned (2019: 100%) and located and registered in Australia.

The following are subsidiaries of Iron Road Ltd:

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 Rail Assets Midco Pty Ltd  
 IRD (Central Eyre) 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  
 IRD (Gawler) Pty Ltd  
 Eyre Exploration Pty Ltd

### 10. Segment information

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

### 11. Related parties

The parent entity of the Group and the ultimate parent entity and controlling party is The Sentient Global Resources Funds (Sentient) which at 30 June 2020 owned 74.03% (2019: 74.03%) of the issued ordinary shares of Iron Road Ltd.

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



	2020	2019
<b>Total</b>	<b>\$179,580</b>	<b>\$1,075,786</b>
Short term employee benefits	\$461,535	\$610,671
Long term employee benefits	\$42,676	(\$23,623)
Post employment benefits	\$36,639	\$51,189
Performance rights expenses	(\$361,270)	\$49,701

Detailed remuneration disclosures are provided in the Remuneration Report on page 14. Share based payments expense related to previously expensed performance rights of \$361,270 reversed to the profit and loss due to the lapse of 3,000,000 performance rights held by former Managing Director Andrew Stocks and 2,000,000 performance rights held by Chief Executive Officer Larry Ingle expiring 13 January 2020 where the performance conditions were not met (2019: \$49,701 expense).

The following additional transactions occurred with Sentient:

	2020	2019
	\$	\$
Directors' fees	-	2,500
<b>Total</b>	<b>-</b>	<b>2,500</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## STRUCTURES

### 12. Parent entity information

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

Parent entity financial statements	2020 \$	2019 \$
<b>ASSETS</b>		
Total current assets	11,438,180	11,768,217
Total non-current assets	121,133,091	121,143,402
<b>Total assets</b>	<b>132,571,270</b>	132,911,618
<b>LIABILITIES</b>		
Total current liabilities	8,985,326	7,252,260
Total non-current liabilities	34,863	21,455
<b>Total liabilities</b>	<b>9,020,189</b>	7,273,715
<b>Net assets</b>	<b>123,551,082</b>	125,637,903
<b>EQUITY</b>		
Issued capital	162,093,715	162,093,715
Reserves	4,766,758	5,128,028
Accumulated losses	(43,309,391)	(41,583,839)
<b>Total equity</b>	<b>123,551,082</b>	125,637,903
<b>Loss for the year</b>	<b>(1,725,553)</b>	(2,123,642)
<b>Total comprehensive loss for the year</b>	<b>(1,725,553)</b>	(2,123,642)

The financial information for the parent entity, Iron Road Ltd, 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 Ltd.

- (ii) Tax consolidation

Iron Road Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Iron Road Ltd, 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 Ltd 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 2020 and has no contingent liabilities as at 30 June 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## CAPITAL

### 13. Equity and reserves

Share capital	2020 Shares	2019 Shares	2020 \$	2019 \$
Opening balance 1 July	693,683,634	677,554,286	162,093,715	160,916,191
Shares issued as part of 1 for 30 non-renounceable rights issue	-	16,129,348	-	1,209,701
Cost of rights issue	-	-	-	(32,177)
<b>Balance 30 June</b>	<b>693,683,634</b>	<b>693,683,634</b>	<b>162,093,715</b>	<b>162,093,715</b>

There were no shares or options over shares issued during the year.

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.

During the year share based payments expense related to previously expensed performance rights of \$361,270 reversed to the profit and loss due to the lapse of 3,000,000 performance rights held by former Managing Director Andrew Stocks and 2,000,000 performance rights held by Chief Executive Officer Larry Ingle expiring 13 January 2020 where the performance conditions were not met (2019: \$49,701 expense).

#### 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 Ltd Employee Option Plan and the Iron Road Equity Incentive Plan.

#### Employee Option Plan

There were no options on issue, granted or exercised during the year ended 30 June 2020 (2019: 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 Ltd shares at grant date and assuming no dividend pay-out during the five year period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## CAPITAL

### 14. Share-based payments (continued)

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

Grant date	Expiry date	Fair value at grant date	Balance at start of period	Granted during the year	Lapsed during the year	Balance at end of period	Vested and exercisable at end of period
<b>30 June 2019</b>							
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	-
<b>Total</b>			<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>-</b>
<b>30 June 2020</b>							
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)	-	-
<b>Total</b>			<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>-</b>	<b>-</b>

There were no rights granted or exercised during the reporting period ended 30 June 2020 (2019: nil).

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

### 15. Loss per share

Basic earnings per share is calculated by dividing:

- i) the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, and
- ii) the weighted average number of ordinary shares outstanding during the financial year.

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

- iii) the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- iv) the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

Basic and diluted earnings per share	2020 cents	2019 cents
Total basic loss per share attributable to the ordinary equity owners of the company	(0.26)	(0.31)
Total diluted loss per share attributable to the ordinary equity owners of the company	(0.26)	(0.31)
Loss from continuing operations attributable to the members of the group used in calculating basic earnings per share:	(1,769,964)	(2,161,350)

Weighted average number of shares used as the denominator is 693,683,634 (2019: 688,911,115).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## ADDITIONAL INFORMATION

### 16. Remuneration of auditors

During the year ended 30 June 2020, total fees paid or payable for services provided by PricewaterhouseCoopers and its related practices were as follows:

PricewaterhouseCoopers (Australia)	2020 \$	2019 \$
Total remuneration for audit and other assurance services	71,410	68,673
Total remuneration for tax services	5,100	5,100
<b>Total remuneration of PricewaterhouseCoopers (Australia)</b>	<b>76,510</b>	<b>73,773</b>

It is the Group's policy to employ PricewaterhouseCoopers (PwC) on assignments additional to their statutory audit duties where PwC expertise and experience is important. These assignments are principally audit and assurance services and taxation advice. PwC 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 Ltd and its controlled entities. The financial statements were authorised for issue by the directors on 28 September 2020. 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 Ltd is a for-profit entity for the purpose of preparing the financial statements. Iron Road Ltd 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 Ltd 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(h).

#### (iv) Going concern

As at 30 June 2020, the Group's current liabilities exceed its current assets by \$8,554,802. The Group has also experienced an operating loss of \$1,769,964 and negative operating and investing cash flows of \$2,347,616 during the financial year ending 30 June 2020.

The Group currently has no cash generating assets in operation and \$340,055 of available cash at 30 June 2020. Following year end the Group's largest shareholder, Sentient Global Resources Fund IV, provided \$400,000 in funds under the current facility and in principle committed to a further \$1,000,000 in funding capacity yet to be contractually extended. The facility attracts nil interest and is repayable in March 2021. Therefore, the continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due is dependent on the Group being successful in:

- 1) receiving the continuing support and extension of terms from its shareholder, including the ongoing subordination of the shareholder facility, with a limit of \$8.4 million and current balance of \$8.0 million, which as at the date of this report is yet to be contractually deferred or extended to include the additional \$1.0 million in principle commitment;
- 2) raising further funds through a placement or entitlement offer; and/or
- 3) funding from a project partner.

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## ADDITIONAL INFORMATION

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

(v) New and amended standards adopted by the Group

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

AASB 16 Leases. Adoption of this standard has not resulted in a material impact on the Group's current period results or restatement of previously reported financial results as the Group does not have any leases with terms over 12 months.

(vi) New standards and interpretations not yet adopted

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

### (b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Iron Road Ltd as at 30 June 2020 and the results of all controlled entities for the year then ended. Iron Road Ltd and its controlled entities together are referred to in this financial report as the Group.

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

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

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

### (c) Goods and service tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net

amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (d) Investment and other financial assets

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

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

### (e) Foreign currency translation

(i) Functional and presentation currency

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## ADDITIONAL INFORMATION

### 17. Accounting policies (continued)

#### g) Leases

As a lessee the Group will recognise a right-of-use asset, representing its right to use the underlying asset, and a lease liability, for all leases with a term of more than 12 months; exempting those leases where the underlying asset is deemed to be of a low value.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, i.e. when the underlying asset is first available for use. The right-of-use asset is initially measured to be equal to the lease liability and adjusted for any lease incentives received, initial direct costs and estimates of costs to dismantle or remove the underlying leased asset. Subsequently the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate, adjusted for asset-specific factors. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

#### h) 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 Note 2. Exploration and evaluation assets.

### 18. Risk management

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

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

#### a) Credit risk

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

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

#### Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. There are no significant concentrations of credit risks, whether through exposure to individual customers or specific industry sectors. The Group's maximum exposure to credit risk at the reporting date was \$430,524 (2019: \$766,926).

The credit quality of financial assets that are neither past due nor 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:

	2020 \$	2019 \$
<b>Counterparties without an external credit rating:</b>		
Financial assets with no default in the past	45,069	33,855
<b>Cash at bank and fixed term deposits with a credit rating:</b>		
AA-	385,455	733,071
<b>Total</b>	<b>430,524</b>	<b>766,926</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## 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 of \$2,000,000 to meet operational expenses during the year ended 30 June 2020 (2019: \$2,000,000), 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
<b>At 30 June 2020</b>			
Trade and other payables	8,720,441	8,720,441	8,720,441
<b>Total non-derivatives</b>	<b>8,720,441</b>	<b>8,720,441</b>	<b>8,720,441</b>
<b>At 30 June 2019</b>			
Trade and other payables	6,720,246	6,720,246	6,720,246
<b>Total non-derivatives</b>	<b>6,720,246</b>	<b>6,720,246</b>	<b>6,720,246</b>

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 2020 and the Group's intention to hold fixed rate assets to maturity, the impact of interest rate risk is considered to be immaterial.

### (iii) Price Risk

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

## d) Capital risk management

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## UNRECOGNISED ITEMS

### 19. Commitments

#### Mining tenements

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

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

Exploration expenditure commitments	2020 \$	2019 \$
Within one year	439,092	538,577
Later than one year but no later than five years	430,000	1,291,423
<b>Total exploration expenditure commitments</b>	<b>869,092</b>	<b>1,830,000</b>

As part of the South Australian Government's response to the COVID-19 pandemic mineral exploration expenditure commitments have been waived for a 12-month period. The impact of this waiver is reflected in the table above.

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

South Australia	Tenement Reference	Interest
Warrambo	ML6467	100%
	EL5934	100%
Lock	EL6425	100%
Mulgathing	EL6012	100% Iron Ore rights
	EL5298	100% Iron Ore rights
	EL5661	100% Iron Ore rights
	EL5720	100% Iron Ore rights
	EL5767	100% Iron Ore rights
	EL5998	90% Iron Ore rights
	EL5732	90% Iron Ore rights

#### Lease commitments

The Group's entered into a month to month lease on its new office in Adelaide in January 2019. Consequently, the total commitments for minimum payments in relation to operating leases for the year ended 30 June 2020 were nil (2019: nil).

#### Capital commitments

There were no outstanding contractual commitments as at 30 June 2020 (2019: nil).

### 20. Contingencies

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

### 21. Events after reporting date

On 23 July 2020 Iron Road announced that the Company's largest shareholder, Sentient Global Resources Fund IV, provided \$400,000 in funds under the current facility and in principle committed to a further \$1,000,000 in funding capacity yet to be contractually extended. The facility attracts nil interest and is repayable in March 2021.

On 24 September 2020 the Company announced Macquarie Capital has signed a Joint Development Agreement (JDA) with Iron Road and Eyre Peninsula Co-operative Bulk Handling (EPCBH) to advance development and financing plans for the proposed \$250 million Cape Hardy Stage I multi-user, multi-commodity port facility. Under a parallel agreement Macquarie Capital will be issued 40 million warrants (options) in Iron Road, exercisable at \$0.075, with vesting contingent on financial close and commercial operations being achieved.

# 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 2020 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 2020, 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 Peter Cassidy.



**Peter Cassidy**

Chairman

28 September 2020



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

# INDEPENDENT AUDITOR'S REPORT



## *Independent auditor's report*

To the members of Iron Road Ltd

### *Report on the audit of the financial report*

#### *Our opinion*

In our opinion:

The accompanying financial report of Iron Road Ltd (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 2020 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 2020
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated income statement and statement of comprehensive income for the year then ended
- the notes to the 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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# INDEPENDENT AUDITOR'S REPORT



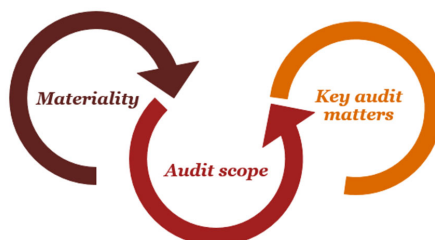
## *Material uncertainty related to going concern*

We draw attention to Note 17 (a) (iv) in the financial report, which indicates that the Group incurred an operating loss of \$1,769,964 during the year ended 30 June 2020 and, as of that date, the Group's current liabilities exceeded its current assets by \$8,554,802. The Group currently has no cash-generating assets in operations and with \$340,455 of available cash at balance date required 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 \$1,320,000, which represents approximately 1% of the Group's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group total assets because, in our view, it is the metric against which the performance of the Group is most commonly measured given it is an exploration and evaluation company that has no production or sales.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly accepted thresholds in the mining industry.



# INDEPENDENT AUDITOR'S REPORT



## 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 Board.

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

### Key audit matter

### How our audit addressed the key audit matter

#### Carrying value of exploration and evaluation assets

(Refer to note 2) \$121,959,760

The Group accounts for exploration and evaluation activities in accordance with the policy in note 2 of the financial report. The amount recorded at balance date relates entirely to the Group's Central Eyre Iron Project (CEIP).

Judgement is required by the Group to determine whether there were indicators of impairment of the exploration and evaluation assets, due to the need to make estimates about future events and circumstances, such as whether the resources may be economically viable to develop in the future.

The carrying value of exploration and evaluation assets was considered a key audit matter given the size of the balance recorded on the consolidated statement of financial position at 30 June 2020 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.

# INDEPENDENT AUDITOR'S REPORT

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## *Other information*

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

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## *Responsibilities of the directors for the financial report*

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

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

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## *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: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.

# INDEPENDENT AUDITOR'S REPORT



## Report on the remuneration report

### Our opinion on the remuneration report

We have audited the remuneration report included in pages 14 to 18 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Iron Road Ltd for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

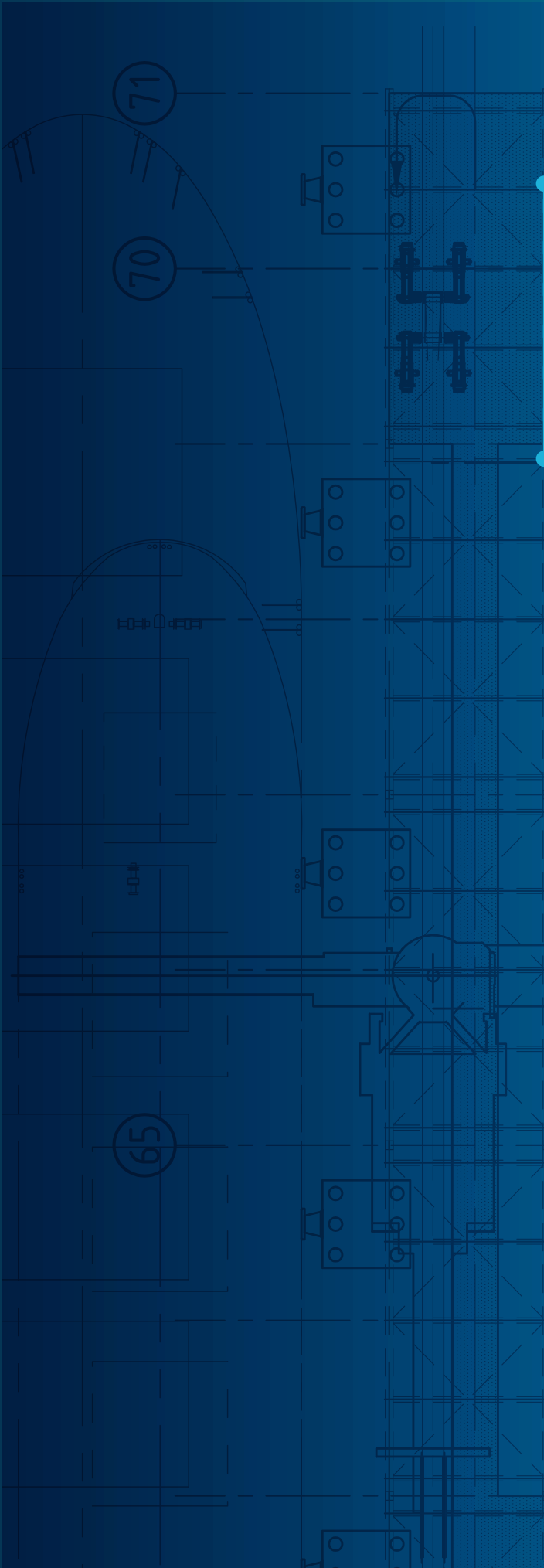
### Responsibilities

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.

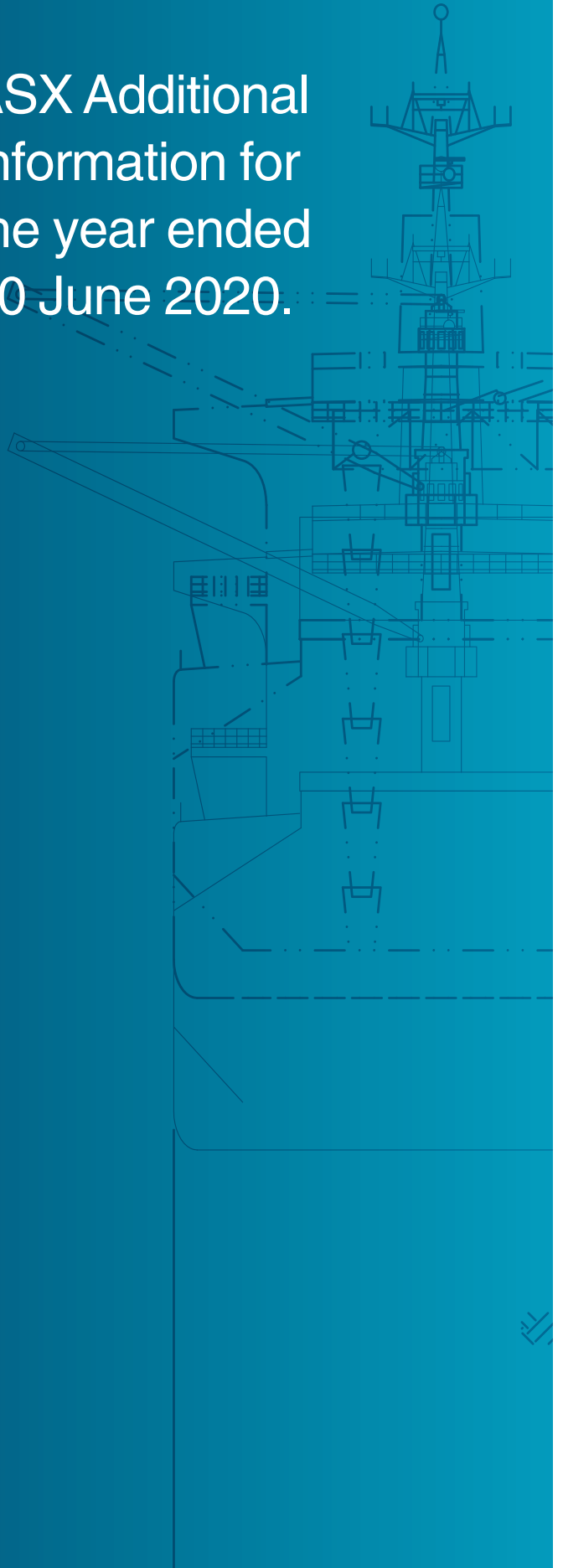
PricewaterhouseCoopers

M. T. Lojszyk  
Partner

Adelaide  
28 September 2020



ASX Additional Information for the year ended 30 June 2020.



# ASX ADDITIONAL INFORMATION

For the year ended 30 June 2020

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 21 August 2020.

## 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	172	72,979	0.01%
1,001-5,000	424	1,255,754	0.18%
5,001-10,000	255	2,039,585	0.29%
10,001-100,000	601	19,860,488	2.86%
100,001 and over	162	670,454,828	96.65%
<b>Total holdings on register</b>	<b>1,614</b>	<b>693,683,634</b>	<b>100.00%</b>

There were 605 holders of less than a marketable parcel of ordinary shares (calculated at 9.5 cents per share).

## Twenty largest shareholders

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

Holder name	Shares held	Percentage of ordinary fully paid shares
1 Sentient Executive GP IV Limited	432,844,105	62.40%
2 HSBC Custody Nominees (Australia) Limited	75,115,953	10.83%
3 Sentient Executive GP III Limited	51,558,593	7.43%
4 Sentient Executive GP II Limited	29,131,005	4.20%
5 SANBA II Inv Company	9,861,112	1.42%
6 DEVIPO Pty Ltd	5,914,344	0.85%
7 Cedarose Pty Ltd	4,686,811	0.68%
8 SEISUN Capital Pty Ltd	4,003,162	0.58%
9 JEM Investment Fund Holdings Pty Ltd	3,513,333	0.51%
10 CM & SM Anderson	2,996,666	0.43%
11 Geoffrey John Paul	2,920,450	0.42%
12 HSBC Custody Nominees (Australia) Limited - A/C 2	2,543,484	0.37%
13 Citicorp Nominees Pty Limited	1,869,440	0.27%
14 Claire Margaret Stocks	1,442,657	0.21%
15 Andrew James Stocks	1,442,656	0.21%
16 Bond Street Custodians Limited	1,365,033	0.20%
17 BNP Paribas Nominees Pty Ltd	1,351,354	0.19%
18 Adonis Kiritsopoulos & Jennifer Anne Ford	1,325,000	0.19%
19 Rilat Pty Ltd	1,135,000	0.16%
20 Leadville Investments Pty Ltd	1,130,000	0.16%
<b>Total</b>	<b>636,150,158</b>	<b>91.71%</b>

## Substantial shareholder

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

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

## Voting rights

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

## Buy back

There is no current on-market buy-back.

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