

The logo for Iron Road limited features the word "Iron" in a white serif font, followed by a stylized orange and white swoosh that curves under the word "Road". "Road" is in a larger white serif font, and "limited" is in a smaller white serif font below it.

Iron
Road
limited

ABN 51 128 698 108

A photograph of three women in a warehouse setting, overlaid with a semi-transparent dark red filter. They are smiling and looking at a laptop. The woman on the left wears glasses and a scarf. The woman in the middle has sunglasses on her head. The woman on the right is wearing a white high-visibility jacket with a logo. They are standing in front of a large corrugated metal structure.

Annual Report

2012

Corporate Directory

Directors

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Chairman

Ian Hume
Non Executive Director

Matthew J Keegan
Non Executive Director

Jerry Ellis
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Chairman's Letter

"We are on trajectory for an annual production of 20 million tonnes, fuelled by the rapidly increasing mineral resources at CEIP."

Mr Julian Gosse, Chairman Iron Road Limited



Dear Shareholder,

On behalf of the Board of Iron Road, it is with pleasure I present to you the Annual Report for the year ended 30 June 2012.

This year has been a time of intense change for Iron Road, as we take the necessary steps to transform into a significant iron ore project developer, with the Central Eyre Iron Project (CEIP) moving ever closer to final investment, construction and ultimately production. We are now closer to the end than the beginning of this process, with our final phase Definitive Feasibility Study (DFS) launched during the year, based on the excellent launch pad formed by the completed Prefeasibility Study (PFS).

The PFS outlined a viable project with annual production of 12.4 million tonnes of iron concentrate, based on the then known resources. Now of course, we are on trajectory for an annual production of 20 million tonnes, fuelled by the rapidly increasing mineral resources at CEIP.

Our transformation has continued internally, with a significant team of experts now established in our Adelaide head office, in order to drive the DFS to conclusion. The CEIP is a significant project for the State of South Australia, representing one of the largest resource projects currently under active consideration in the State. As such our commitment to base the majority of our employees, and our head office, in that State is appropriate. We look forward to continuing our productive relationships, both at the local community level and with Government as we seek to progress our project through the approvals process.

I would also like to acknowledge the strong ongoing support of our shareholders to continue this transformation. Post the end of financial year we successfully raised \$40 million to continue our development activities. This built on the previous two placements in fiscal 2012, which raised \$33.5 million. There is no doubt that CEIP will be a significant, large scale project and the funds required to progress the development are in line with the magnitude and scale of the project.

Our ultimate goal with respect to the final investment decision and financing of CEIP is to bring on a significant partner or group of partners to invest in the project. To this end our discussions with a range of industrial end users, alongside interested parties such as infrastructure investors continued. These discussions will continue to evolve alongside the DFS.

During the year we also saw our Gawler Iron Project (GIP) emerge from the shadow of the CEIP. Early stage exploration results and metallurgical test work has been very promising, which has prompted the Board to authorise a scoping study for the GIP. The GIP offers the opportunity for a more modest scale development that can potentially be brought into production for less cost and in a faster timeframe than the CEIP, hence the Board's interest in further developing the GIP alongside the much larger CEIP.

Many of our shareholders would have noted the decline in iron ore spot prices in the latter half of calendar year 2012 and the associated impact on our iron ore peers. Iron Road itself was not immune to this impact, with a degree of confidence and share prices declining across a range of emerging and low to mid-tier iron producers. We have planned conservatively with respect to our iron ore price forecasts and will continue to do so. Rest assured that the viability of CEIP is predicated on a project with a life spanning at least 30 years, not a quarter or two of iron ore spot prices. We are confident in the long term viability of CEIP under a range of iron ore pricing assumptions and intend to continue to instil this confidence in the market.

The year ahead will see Iron Road reach the truly formative stages of our transformation. We can look forward to substantive progress on the DFS, with many key elements such as preferred export route, port location and final processing methods being locked in place, alongside mineral resource increases and continued partnership negotiations.

The Board collectively holds the firm belief that Iron Road will successfully complete the transition from project developer to producer in the coming years, and I again invite you to continue to share that vision for the journey ahead.

A handwritten signature in black ink, appearing to read 'Julian Gosse', written over a horizontal line.

Mr Julian Gosse, Chairman

Managing Director's Report

"The year ahead should again see significant progress on Iron Road's journey to production."

Mr Andrew Stocks, Managing Director Iron Road Limited



Iron Road's operations were focussed throughout the year on the ongoing transformation from an exploration and early scoping stage company to a fully fledged iron ore project developer, and ultimately producer.

This transformative year has seen the company, based on the springboard of the Prefeasibility Study (PFS) completed in 2011, launch into the Definitive Feasibility Study (DFS) for the flagship Central Eyre Iron Project (CEIP) in South Australia.

The most significant transformation has been the increase in production scale contemplated for the CEIP, transitioning from 12.4 million tonnes of concentrate production per annum under the PFS to a contemplated 20 million tonnes per annum under the DFS.

This increase in scope has been mirrored within the company, with 2012 seeing significant increases in the project delivery capacity of Iron Road, with over 25 full time staff across a wide range of disciplines now directly employed in the Adelaide head office. The study owner's team is working alongside and overseeing the many specialist engineering and consulting firms contributing to the DFS.

Alongside the DFS technical studies, the company has identified the necessary increases in mineral resources to fuel the larger production profile, lifting the mineral resource base at CEIP to over 2 billion tonnes. More is expected on this front, with a mineral resource of between 2.8 billion and 3.2 billion tonnes at an estimated grade of 16-18% iron expected early next year. In the context of the broader project and work completed to date, we now believe that the ultimate mineral resource is likely to be closer to the upper end of the exploration target (of 2.8-5.8Bt at a grade of 18-25% iron) originally reported in 2009. In this scenario the project could ultimately deliver around one billion tonnes of high quality concentrates.

The CEIP is shaping up to be a significant large scale iron ore project with the potential to sustain the development of the necessary infrastructure, including a large tonnage, bulk material port that may be integrated into the national rail system with strategic benefit for the long term development of South Australia.

In addition to the extensive works underway for the CEIP, Iron Road has initiated a scoping level study for the Gawler Iron Project (GIP), which offers the potential for an earlier start up, with a smaller scale, less expensive project.

The year ahead should again see significant progress on Iron Road's journey to production. Significant milestones will be reached including port and export route selection, resource upgrades and conclusion of major elements of the DFS.

Managing Director's Report

Highlights

Central Eyre Iron Project

- Definitive Feasibility Study (DFS) activities continued to advance engineering for the mine, process plant, tailings storage and major infrastructure facilities. Proposals for study services have been received for utilities, support and ancillary facilities.
- Sinter characterisation test work in Japan demonstrated significant benefits for steel mills with consequential positive implications for obtaining a pricing premium for CEIP product.
- Dynamic simulation of ore treatment and concentrate handling has advanced to select or confirm sizes of major equipment to deliver 20Mtpa of concentrate.
- Project value shown to increase dramatically with the combination of potential product pricing premium and increasing Mineral Resource size.
- Completion of Stage VI drilling programme at Murphy South with resultant global mineral resource at the CEIP increasing from 1.33Bt to 2.10Bt, with 1.11Bt in the indicated category¹.
- Stage VII Phase 1 and 2 drilling programme at 'Rob Roy' completed, confirming strike continuity of the orebody to the east with the Stage VII Phase 3 drilling programme imminent.
- Exploration target for Stage VII 'Rob Roy' drilling programme re-estimated and increased from 400-700Mt to 700-900Mt magnetite gneiss with a grade of 16-18% iron estimated.
- Successful completion of 10 geotechnical boreholes and 6 geotechnical trenches over the expected mine area.
- Exploration target for the Hambidge prospect estimated to be 800-1,000 million tonnes magnetite gneiss with a grade of 15-18% iron.
- Community Meetings were held in Warrambo, Wudinna and Lock, and Focus Groups were formed to discuss key aspects of the project.
- Sponsorship of over 30 community events was given to the local communities of Warrambo, Wudinna, Kyancutta and Lock.

¹ Refer to Mineral Resource Estimates at page 20

Managing Director's Report

Gawler Iron Project

- Stage II diamond drilling programme completed, with significant intersections of iron at four prospects.
- Scoping study initiated.
- Core samples selected for petrological studies to define ore types and host rock mineralisation to facilitate final design of metallurgical studies.

Corporate

- Adelaide head office fully established, with all CEIP DFS works and accounting functions overseen and managed in the state of South Australia.
- Key project personnel appointed with the owner's team now comprising more than 25 full-time staff.
- Long term financing and potential partnering opportunities review continued.
- Secured over \$50 million to continue development of the CEIP.
- Secured 90% of the iron rights of Kingsgate Consolidated Ltd (Dominion Gold Operations Pty Ltd) tenements at Gawler with final cash payment of \$1.15M.



Managing Director's Report

Central Eyre Iron Project (CEIP)

(Exploration Licence 4849, Iron Road 100%)

The Central Eyre Iron Project (663km²) is located on the Eyre Peninsula of South Australia, approximately 30km southeast of the regional centre of Wudinna, within a grain farming district (Figure 1).

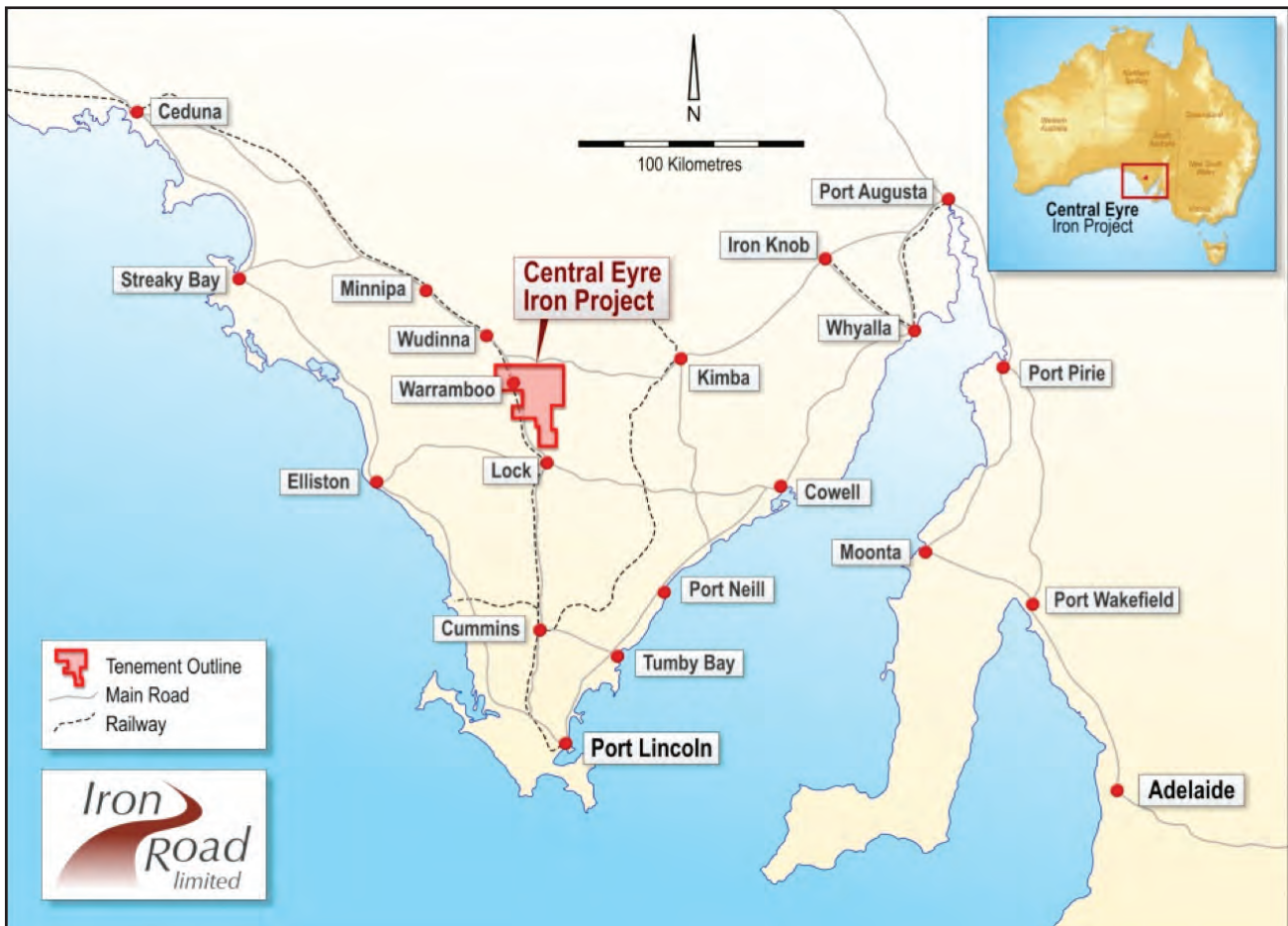


Figure 1. Location of the CEIP on Eyre Peninsula, South Australia.

The tenement consists of three distinct project areas – Warrambo, Kopi and Hambidge. Current studies are focussed on the Boo-Loo, Murphy South and Rob Roy prospects situated within the Warrambo project area. Following a 2011 drilling programme, a large exploration target has also been defined at Hambidge (Figure 2). The studies envisage production of approximately 20 million tonnes of high quality iron concentrates per annum from the Warrambo project area. The concentrates will be marketed as a high quality blending feedstock for sinter plants, which feed the majority of blast furnaces around the world. Community relationships and support for the project are very good with strong interest shown in possible development scenarios.

Managing Director's Report

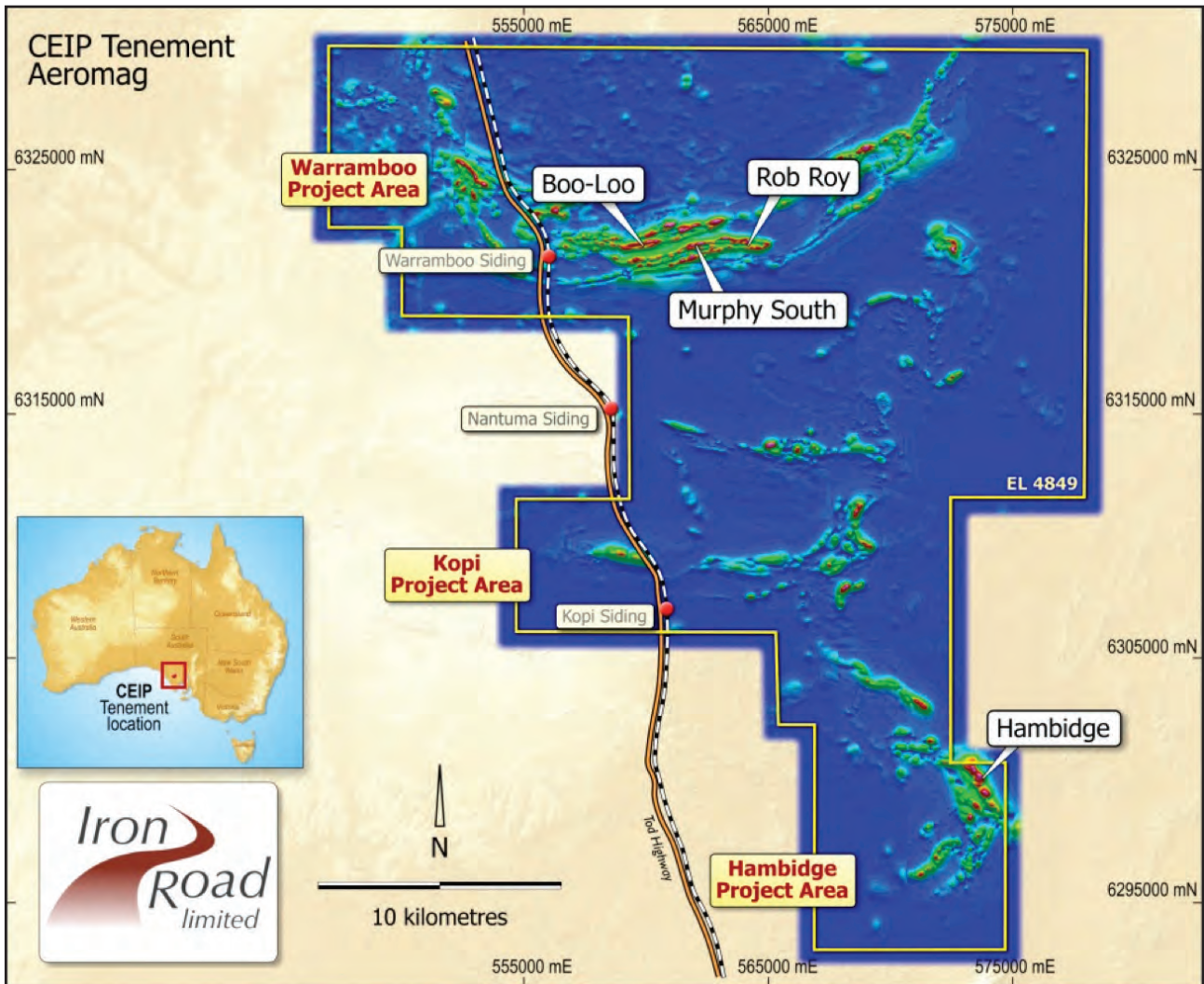


Figure 2. CEIP tenement (EL4849) plan with project areas and prospects indicated.

Definitive Feasibility Study (DFS)

Current mineral resources at the CEIP exceed 2.1 billion tonnes magnetite gneiss², with the potential for mineral resource expansion to between 2.8 billion and 3.2 billion tonnes of magnetite gneiss grading 16-18% iron expected early next year. This will be achieved through the extension of the Murphy South and Rob Roy orebody, by diamond drilling, both along strike and down dip.

A large scale magnetite mine is being studied with a predicted life of at least 30 years. Ore treatment and tailings storage facilities, as well as concentrate stockyards, will be constructed to produce a high quality concentrate grading approximately 67% iron at a relatively coarse size distribution of -106 micron (p80).

It is envisaged that the concentrate will be transported by way of a yet to be constructed standard gauge railway to a proposed port on the south-east coast of the Eyre Peninsula. Ideally the same corridor will be used to provide the necessary power and water to the mine site. Stockyards, reclaim, jetty and load-out systems are being investigated to load ships of various sizes up to Cape class (up to 220,000 DWT).

² Refer to Mineral Resource Estimates at page 20

Managing Director's Report

Environmental studies are progressing across each of the project areas (mine, infrastructure corridor, potential port) to support the project and regulatory approvals.

Mine, Processing Plant and Associated Infrastructure

The company's principal infrastructure design consultants, Sinclair Knight Merz (SKM), have prepared preliminary designs of critical facilities contained within major infrastructure packages during the early Engineering Phase of the DFS. These include the mine, processing plant, port stockyards, railway corridor and potential port maritime facilities. Dynamic simulation of train movements has been conducted and loading/unloading arrangements has reached preliminary design phase based on results of the concentrate handling tests undertaken by a leading specialist in bulk solids handling.

Studies and investigations which relate to planning approvals, environmental requirements and mine lease applications will continue through 2012 and 2013.

A preliminary utilities corridor was identified and surveys completed. Railway, pipeline and power transmission, together with an access road, will preferably be routed along a common easement from the port to the mine site.

Geotechnical investigations were undertaken at a potential port location and near the proposed tailings storage facility. Further drilling and seismic work will be conducted over the coming months across project areas (mine, infrastructure corridor, potential port), depending on land access arrangements and the progress of permits.

Proposals for Water Supply and Treatment were technically and commercially evaluated and a preferred EDS provider selected. This work will examine the delivery of process water to the beneficiation plant and the production of potable water to suit the needs of the operation.

A preliminary design report of the tailing storage facility has been evaluated by Iron Road. Finalisation of tailings deposition and impoundment arrangements will depend on geotechnical results (Figure 3) and the development of mine plans and schedules.



Figure 3. Geotechnical drilling in a road reserve at the CEIP.

Managing Director's Report

Long term water monitoring bore holes will be drilled within public road reserves. Regulatory and Council approvals have been received. Pumping tests will assist in understanding potential influences of mining activity on regional ground water.

The initial mining bench height analysis is complete for the current mineral resource and optimisation of the pit shells is underway. Conclusion of mine design and scheduling of ore deliveries will occur on completion of the resource expansion drilling and estimation of the entire Murphy South – Rob Roy area mineral resource.

Tenova Projects (formerly Bateman Engineering) have prepared process design information and drafted a plant layout. Major equipment types were selected based on the simulation of the comminution circuits and vendor discussion. Study of process plant and associated facilities will now progress through discipline engineering.

Iron Road's engagement with South Australia's principal transmission network service provider, ElectraNet, continued towards a Regulatory Investment Test for Transmission (RIT-T). The preferred option for power transmission to the CEIP and the necessary upgrading of the existing power network on Eyre Peninsula, will depend on the outcome of this process and the national regulator.

Geological reconnaissance of existing and potential quarry locations was undertaken. Potential sources of rock for railway ballast and construction aggregate were observed and samples submitted for appropriate strength and quality tests. Planning for field investigations for sources of saline ground water suitable for construction purposes continued at potential locations across nominated project areas.

Metallurgical Test Work

AMDEL - Bureau Veritas is conducting a metallurgical investigation of core intersections from mineralised domains, which have advanced through batch crushing tests. Laboratory investigations have included advanced comminution testing, which are a precursor to large-scale batch ore breakage tests, as well as assessment of magnetic separation at industrial settings for low intensity magnetic separation (LIMS). Blending and preparation of representative bulk samples for high pressure roller crusher (HPRC) pilot runs is complete. The HPRC tests will confirm the relationship between energy input and mineral release for crushed ore and are currently in progress with Polysius and Koeppern in Perth.

Portions of representative types of mineralisation are being progressively submitted for quantitative mineralogy (Figure 4) which will support process simulation and aid understanding of the petrology of the deposit.

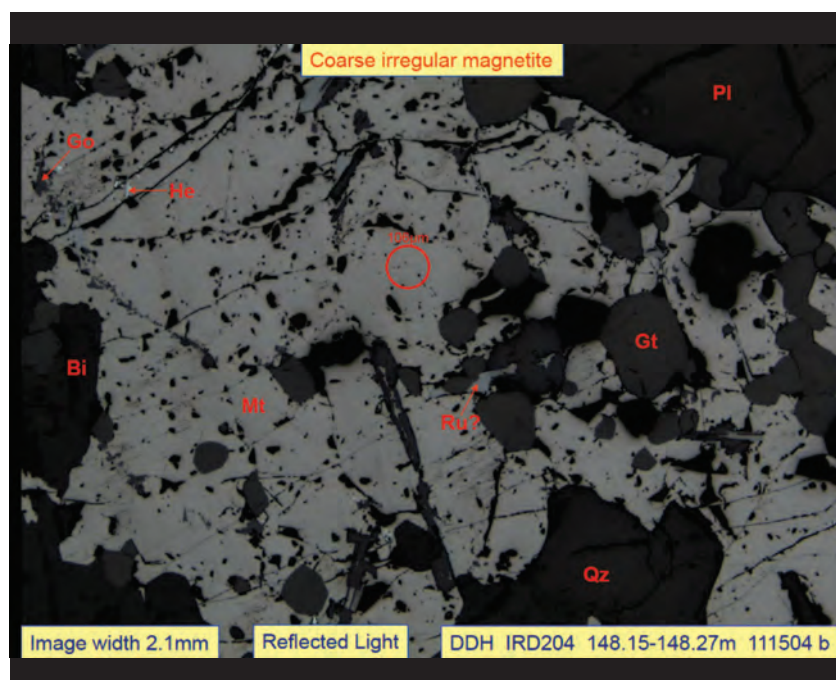


Figure 4. Very coarse irregular magnetite grain (light grey) 2mm in size. The red circle with a diameter of 106µm represents indicative concentrate size.

Managing Director's Report

Standardisation of the QEMSCAN (Quantitative Evaluation of Minerals by SCANNing electron microscopy) procedures with mineral species from the CEIP was completed. These initial scans have revealed a wide spatial range of magnetite distribution and also detected traces of hematite in the primary rock samples examined to date (Figure 5).

Detailed data of mineral release has been used to undertake process simulation for prediction of circuit performance and potential enhancement of magnetite recovery. Opportunities to enhance iron recovery by gravity techniques will be analysed through process modelling and circuit simulation. Potential improvement of grinding process efficiency will also be investigated, since ore milling will be the largest power consumer at CEIP. Based on these predictions, additional test work to confirm flow sheet enhancements and improved project economics may be initiated later in 2012 using available core samples.

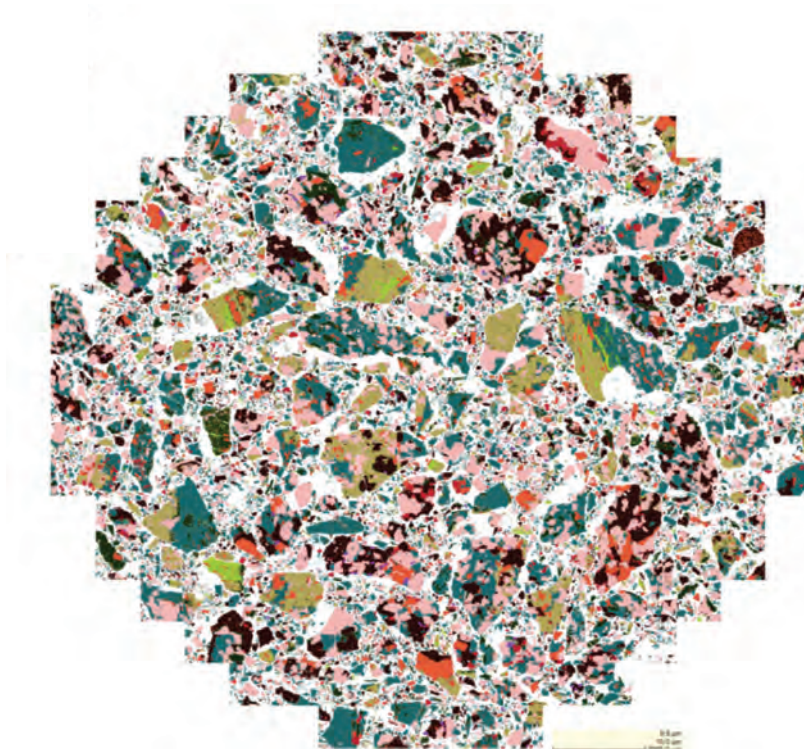


Figure 5. QEMSCAN image indicating mineral composition from the CEIP magnetite gneiss.

Sinter Test Work

Iron Road confirmed positive results from sinter test work undertaken in November 2011 on the iron concentrate to be produced at the CEIP in South Australia.

HN-Minerals developed a micro-testing technique to provide the basic information by which broad conclusions may be drawn regarding the likely performance of an ore in a sinter pot testing campaign and therefore in sinter plants (used at the majority of blast furnaces around the world). The HN-Minerals test work was undertaken by arrangement at the Nippon Steel Testing and Research (NSTR) facility in Japan. Dr Y. Hida and Mr N. Nosaka are recognised leaders in their field and are responsible for the development of the micro-testing technique.

The test work results indicated that:

- The CEIP product will be suitable for use in sinter plants as sinter feedstock and will not require additional processing into pellets before use.

Managing Director's Report

- o The available market for CEIP product is therefore significantly larger than many other proposed magnetite projects as the majority of blast furnace based steel mills have associated sinter plants.
 - o As pelletising of CEIP product is unnecessary, possible future constraints in pellet plant capacity will not affect production.
 - o Iron Road is now in a position to capture a premium price for CEIP product, without incurring the added expense of further processing into pellets.
- A premium above the standard Pilbara fines prices will be achieved for the proposed CEIP concentrate, thus reinforcing a higher project value for CEIP and enhance Iron Road's position in its partnership discussions.

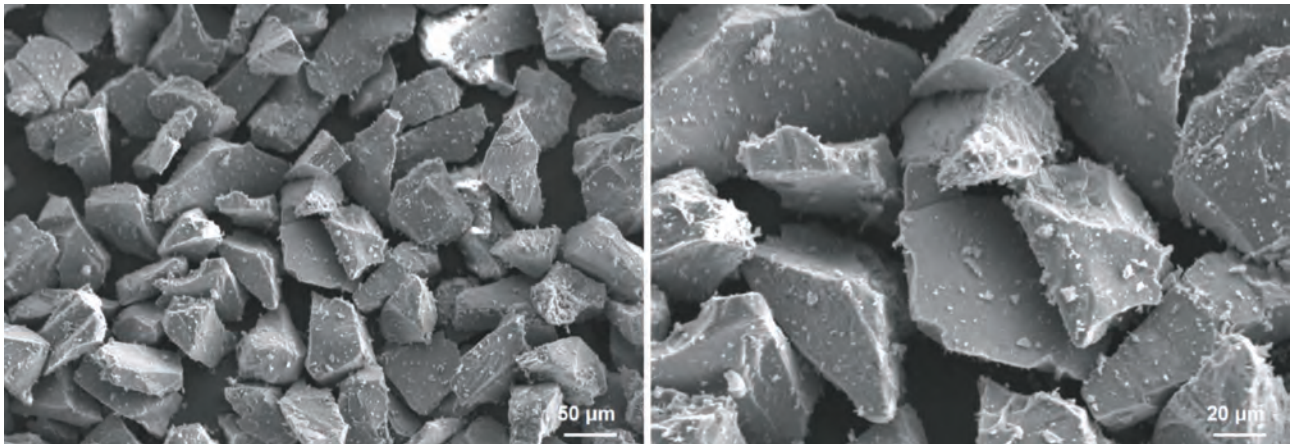
The test work concluded that CEIP concentrate is suitable for use in conventional sintering plants without the need for pelletising. Chinese mills use considerably higher percentages of magnetite concentrate than Japanese mills and therefore test outcomes based on Chinese conditions are considered likely to be even more positive.

With the encouraging results received from the sinter test work, Iron Road is now confident that the premium above Pilbara fines prices will be achieved. Moreover, sensitivity analysis of pricing fines indicates that project returns increase dramatically when pricing is linked to the expected value in use for the CEIP product.

Figure 6. Scanning Electron Microscope image of CEIP 0.063-0.045mm particles.

Mineral Resource Estimate

Iron Road delivered a cumulative upgrade to the Mineral Resource in December 2011. Stage VI expansion drilling added



770Mt to the existing 1.01Bt Mineral Resource estimate³ (compiled in accordance with the JORC Code) report for Murphy South for a total of 1.78 billion tonnes. This increased the global Mineral Resources at the Central Eyre Iron Project from 1.33Bt to 2.10Bt with 1.11Bt in the indicated category. The upgrade was delivered as part of the ongoing mineral resource expansion drilling programme at Murphy South and Rob Roy.

The Stage VII drilling programme at Rob Roy (Murphy South eastern extension) currently in progress has an exploration target across the 13 traverses of 700-900Mt magnetite gneiss with a grade of 16-18% iron estimated⁴.

³ Refer to Mineral Resource Estimates at page 20

⁴ It is common practice for a company to comment on and discuss its exploration in terms of target size, grade and type. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo and Murphy South prospect.

Managing Director's Report

At the Hambidge prospect an exploration target of 800Mt-1,000Mt magnetite gneiss with a grade of 15-18% iron has been estimated⁴.

Coffey Mining has previously established an exploration target of 2.80 to 5.70Bt of magnetite gneiss with a grade of 18-25% iron at the project⁴.

CEIP Global Mineral Resource

Location	Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Murphy South	Indicated	1,108	16.0	53.2	12.9	0.08	0.4
	Inferred	668	16.4	52.7	12.8	0.08	1.3
Boo-Loo	Inferred	328	17.3	52.4	11.5	0.09	2.1
Total		2,104	16.2	52.9	12.7	0.08	1.0

The mineral resource estimates were carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd.

The Mineral Resource estimate was calculated by Coffey Mining and is summarised in the table below. Full details can be found at page 20.

Murphy South Mineral Resource Estimate

Resource							
Classification	Oxidation	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Inferred	Fresh	550	16.4	53.2	12.5	0.09	0.4
	Transitional	32	16.3	50.7	14.0	0.05	5.5
	Oxide	87	16.4	50.5	14.4	0.05	5.8
<i>Total Inferred</i>		668	16.6	52.7	12.8	0.08	1.3
Indicated	Fresh	1,108	16.0	53.2	12.9	0.08	0.4
<i>Total Indicated</i>		1,108	16.0	53.2	12.9	0.08	0.4
Total Murphy South		1,776	16.1	53.0	12.8	0.08	0.8

The Murphy South mineral resource estimate was carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd (refer attachment 2).

The establishment of over two billion tonnes in Mineral Resources at CEIP continues to demonstrate the necessary size and scale of resource to underpin the capital required for a potential long term 20Mtpa high grade iron concentrate export operation and the development of associated export infrastructure.

Prefeasibility test work has demonstrated that a high quality concentrate grading 67% iron may be produced at Murphy South using a coarse grind size of -106µm. This product is suited as a high grade blast furnace sinter feed with low impurities.

⁴ It is common practice for a company to comment on and discuss its exploration in terms of target size, grade and type. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo and Murphy South prospect.

Managing Director's Report

Warrambo Mineral Resource Expansion Drilling

The Stage VII Rob Roy drilling programme followed on from the success of the two preceding drilling programmes (Stage V and VI) and targeted the eastern strike extent of the Murphy South orebody colloquially known as 'Rob Roy' (Figure 7).

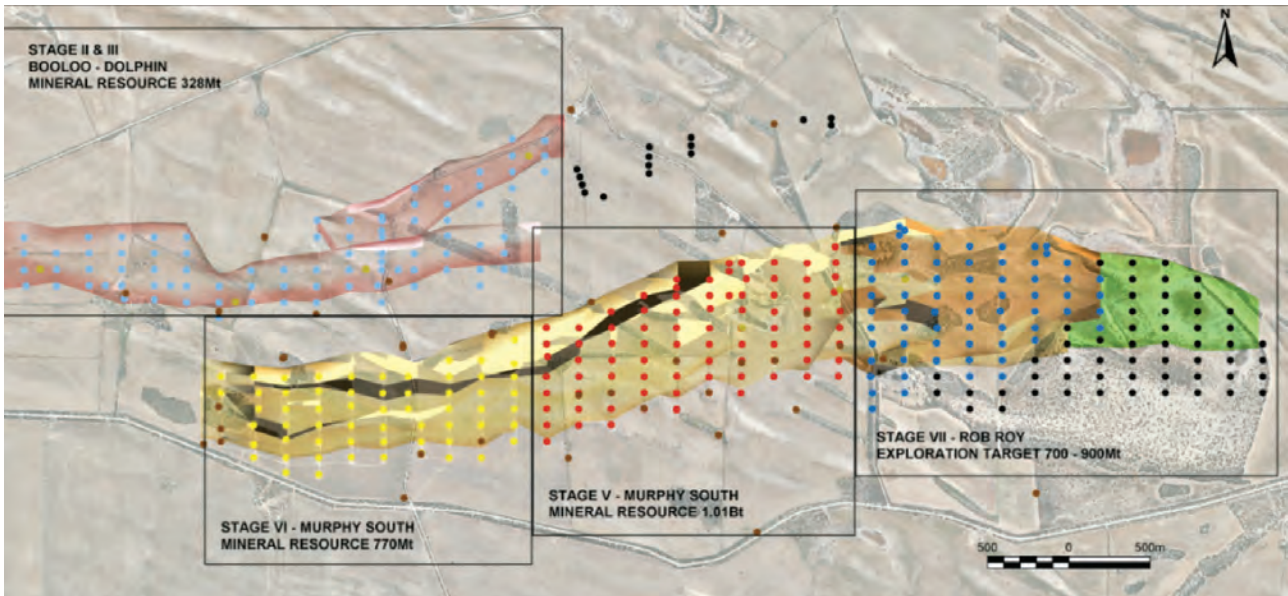


Figure 7. Orebody solids model of Boo-Loo, Dolphin, Murphy South and Rob Roy prospects

The purpose of the Stage VII Rob Roy drilling programme was to delineate and evaluate the eastern extension of the Murphy South orebody, both along strike and down dip, by means of thirteen evenly spaced drilling traverses. The Stage VII drilling programme comprises three parts, with the now complete Phase 1 and 2 drilling comprising 65 drill holes for 24,326m. Phase 3 is currently under application with DMITRE. Formal approval is imminent and comprises 53 drill holes for an estimated 24,000m (Figure 8).

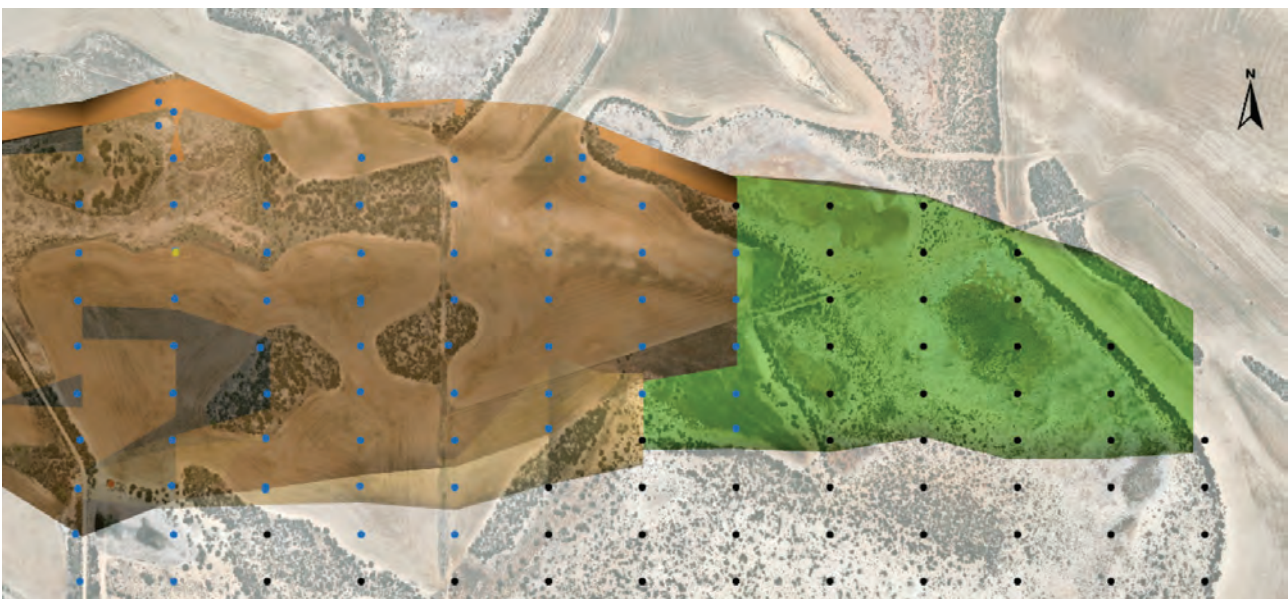


Figure 8. Rob Roy prospect showing actual (orange) and projected (green) orebody solids model

Managing Director's Report

Individual NQ2 diamond holes range from 100m to 700m in down hole depth, drilled on a standard 200m x 100m grid pattern. The stage VII drilling programme evaluated an area 1,000m wide x 2,600m long.

The completion of Phase 1 and 2 of the Stage VII drilling programme has allowed for a re-estimation of the exploration target at the Rob Roy prospect. This has increased, with a high level of confidence, from 400-700Mt to 700-900Mt magnetite gneiss with an estimated grade of 16-18% iron⁵. A current mineral resource estimate of 2.1Bt suggests that a combined mineral resource estimate of 2.8 to 3.0Bt with a predicted grade of 16-18% iron⁵ is achievable for the Warrambo (northern) project area.



Figure 9. Orientation of drill core at Stage VII – Rob Roy

Hambidge Exploratory Drilling

During November 2011 Iron Road announced the completion of the Stage IV drilling programme at the CEIP. Stage IV investigated the Hambidge magnetic anomaly with four traverses totalling 12 holes for 5,412m. All drill holes intersected continuous magnetite gneiss of up to 200m apparent thickness leading to the estimation of an exploration target with a high level of confidence.

⁵ It is common practice for a company to comment on and discuss its exploration in terms of target size, grade and type. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo and Murphy South prospect.

Managing Director's Report

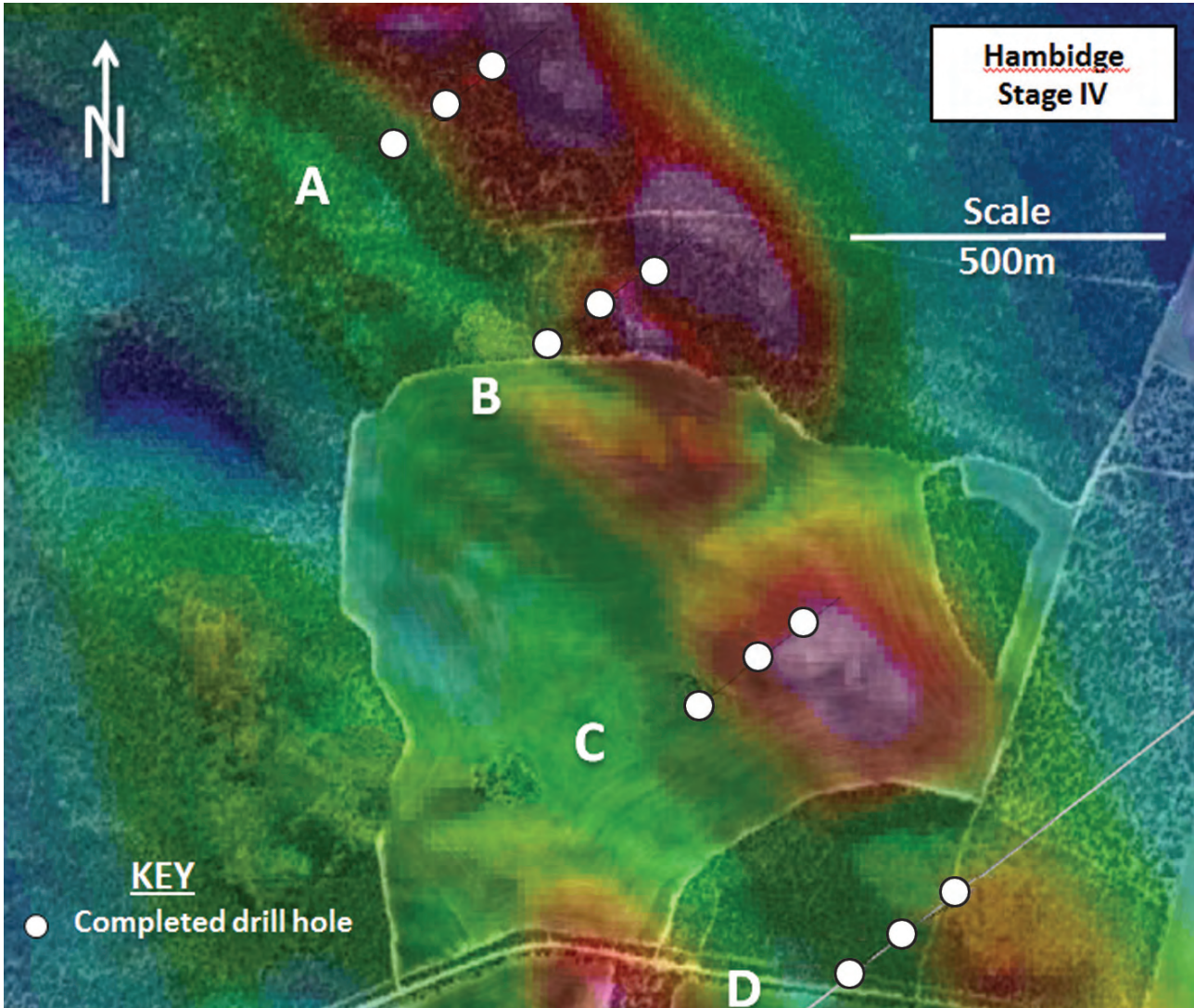


Figure 10. Plan view of Stage IV drilling programme at the Hambidge prospect.

The geology intersected in all traverses was consistent with interpretations from geophysical modelling of high resolution aeromagnetic surveys. Using extrapolation of the magnetite gneiss down dip and along strike and with guidance from assays received, an exploration target for the Hambidge prospect of 800-1,000 million tonnes magnetite gneiss with a grade of 15-18% iron⁶ was estimated.

⁶ It is common practice for a company to comment on and discuss its exploration in terms of target size, grade and type. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo and Murphy South prospect.

Managing Director's Report

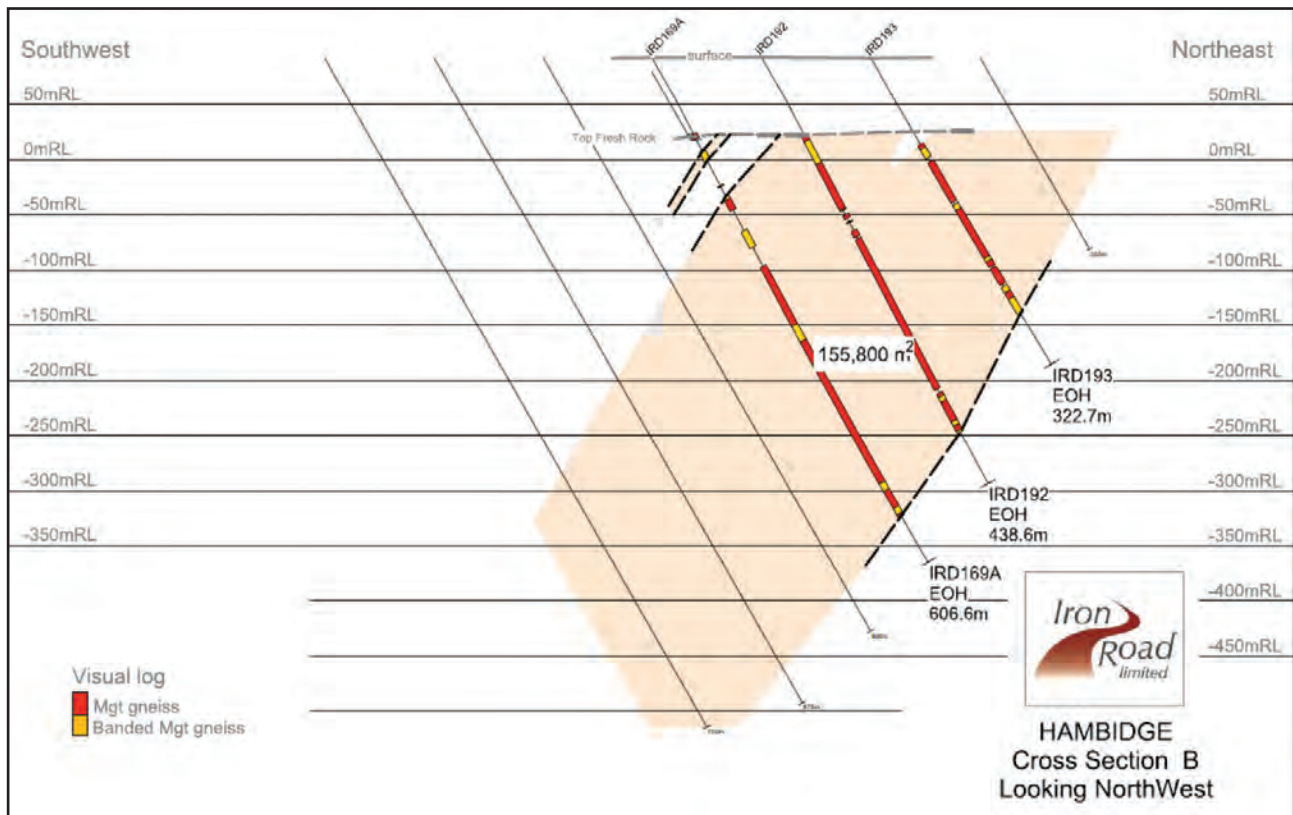


Figure 11. Cross-section B with extrapolation of magnetite gneiss down dip (area indicated includes extrapolated area).

Research Sponsorship

Iron Road has co-sponsored, with the Geological Survey of South Australia, DMITRE, a University of Adelaide PhD Project entitled *Influence of crustal architecture and tectonic reworking on the Warramboe magnetite gneiss iron ore deposit, southern Gawler Craton*. The sponsorship is over three years focussing on the magnetite gneiss at the CEIP.



Government of South Australia
Department for Manufacturing,
Innovation, Trade, Resources and Energy



The research work complements metallurgical studies currently underway by Iron Road as part of the DFS and supports mine planning, ore beneficiation and future exploration target generation. The project will also greatly enhance knowledge of the geology of the southern Gawler Craton in a highly prospective region that is poorly understood.

The project will be undertaken by Kathleen Lane under the guidance of Professor Martin Hand. Ms Lane has previously worked for Iron Road on the CEIP as a vacation student and is familiar with the geology. Professor Hand is the project leader and primary supervisor and is a lead researcher in the Centre for Tectonics, Resources and Exploration (TRaX) at the University of Adelaide.

TRaX is supported by the Institute for Mineral and Energy Resources whose aim is to shed light on the evolving Earth and its resource potential. South Australia's unique geological characteristics offer insights for global mineral and resource sectors. Project co-supervision is provided by Dr Anthony Reid and Dr Rian Dutch of the Geological Survey of South Australia, DMITRE.

Managing Director's Report

Iron Road is pleased to support the strong local scientific expertise available at the University of Adelaide and the Geological Survey of South Australia. The Company has benefited in developing the CEIP through the readily available local scientific talent, precompetitive mineral exploration data and State Government initiatives and the State Core Library. As such the Company is pleased to contribute to the pool of geological knowledge covering South Australia and so continuing to build the number of highly skilled geoscientists available in the state.

Gawler Iron Project

(Iron Road 90% of iron rights)

Iron Road finalised arrangements to secure a 90% interest in the iron rights at the Gawler Iron Project. This project consists of a number of tenements, with the majority of work being undertaken on Exploration Licence 4014. The earn-in was reached following the completion of the Stage II exploration, evaluation programme and final cash payment of \$1.15M to the tenement holder Kingsgate Consolidated Ltd.

Preliminary test work indicates that a simple, possibly dry process may produce a high quality product at a grind of -106 micron (p80). The Stage II drilling programme will provide the necessary material for test work to determine the ideal beneficiation process and potential product specifications.

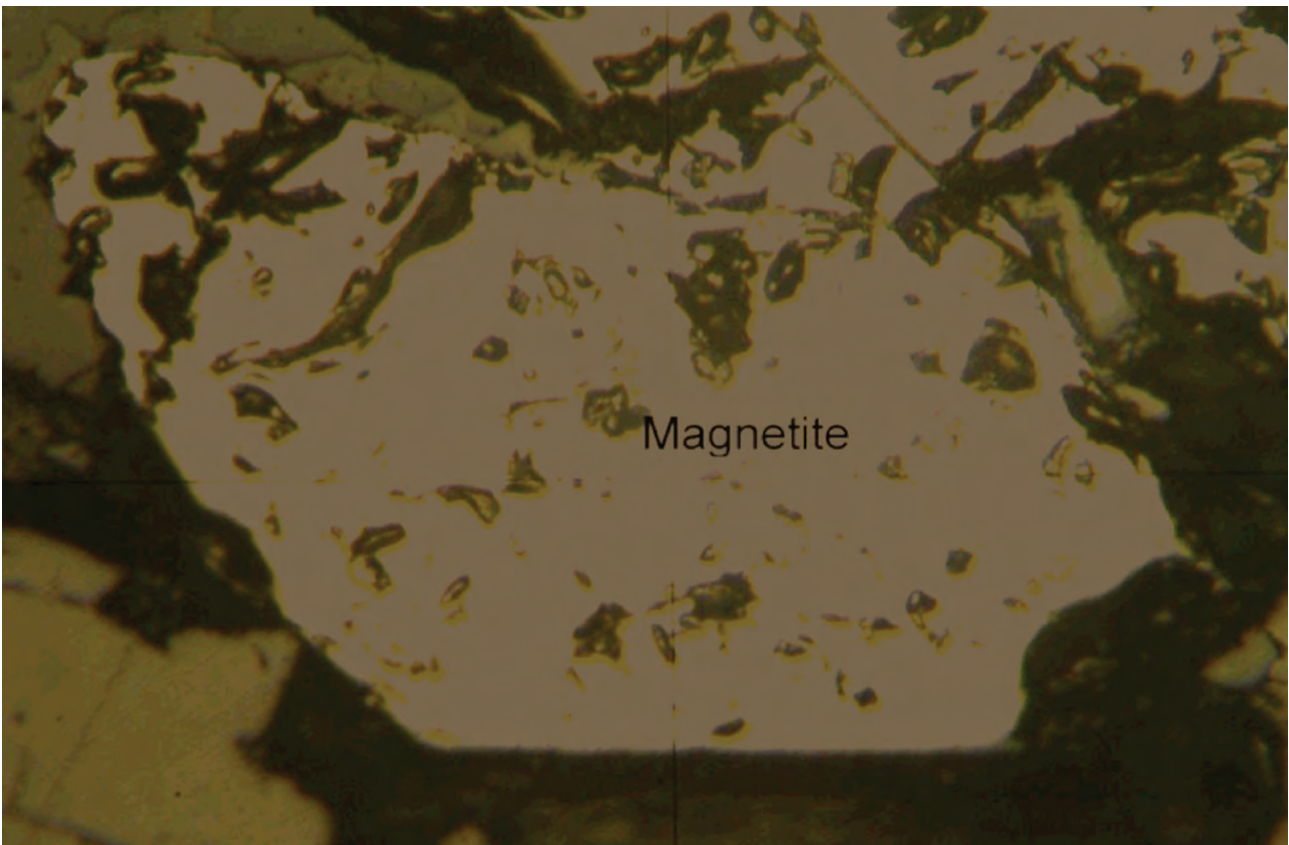


Figure 12. Microphotograph of a magnetite crystal from Stage II diamond drilling

Managing Director's Report

Western Australia – Windarling

The Windarling project is located approximately 85km north of Koolyanobbing, Western Australia and consists of three granted exploration licenses and four prospecting licences. The Company entered into an agreement with Convergent Minerals Limited (Convergent) during September 2011 whereby Convergent may earn up to a 75% interest in the project by meeting certain expenditure and management criteria.

Corporate

Community

Iron Road is committed to taking its place as a member of the communities in which we operate. We are particularly devoted to increasing knowledge about the communities and the predominant issues.

Community engagement initiatives have increased significantly over the past year. Regular contact with all stakeholders has included three public meetings and the establishment of six Focus Groups. The Focus Groups enabled a great number of community members to share information and knowledge and to identify matters of both benefit and concern, all of which have assisted Iron Road towards the development of the Central Eyre Iron Project.

A dedicated, full time Community Engagement Advisor has been appointed and additional expert resources have also been used to ensure that Iron Road continues to implement best practice in community engagement.

Mechanisms for direct contact by any interested person have been established, including a toll free community information line, dedicated community email address and the establishment of an office in Wudinna. Regular works and project updates are also published monthly in a local newsletter circulating on the central Eyre Peninsula.

Iron Road undertakes all activities responsibly. A well planned and managed mining operation, which brings economic and infrastructure benefits to local people will represent a win for both Iron Road and the communities around the CEIP.

• Men's Health Awareness event	• Women's Health Forum event
• Ronald McDonald House – Fundraising dinner	• "Warramboobs" Breast Awareness Event
• Wudinna Area School – International Pedal Prix	• Lock Cup, Picnic Races
• Wudinna Bowling Club Tournament	• Wudinna Hospital Fundraiser
• Wudinna Medical Centre	• Wudinna Agricultural Show
• Young Driver Awareness Day	• Wudinna Team Yards
• Wudinna Football, Netball & Tennis Clubs	• Central Eyre Football & Netball Clubs
• Eastern Ranges Football & Netball Clubs	• Eyre Peninsula Cricket & Football Clubs
• Kyancutta Ramblers Golf Club	• Lock Bowling Club
• Lock Community Park	• Lock Football & Netball Clubs
• Lock Kindergym	• Port Adelaide Cricket Club –visit to Port Lincoln
• Warramboos Xmas Party for children	

Managing Director's Report

Gawler

Iron Road elected to move to holding 90% of the iron rights at Gawler following two stages of exploration drilling on the project and final cash payment of \$1.15M to tenement holder Kingsgate Consolidated Ltd (Dominion Gold Operations Pty Ltd). The Company believes that the project hosts potential for a small to medium scale iron ore development, potentially producing a high grade iron product through simple beneficiation. The project area is adjacent to the Trans-Australian railway.

Iron Road has initiated a scoping study to investigate the potential for a smaller scale, fast start up project with more modest production levels than the CEIP, but far lighter capital requirements, potentially delivering early cash flow.

Capital Raising

Post the end of the financial year, Iron Road completed a fully underwritten rights issue, raising \$40 million (before costs). Continued support was forthcoming from major shareholders including The Sentient Group, an Australian superannuation fund and a sovereign wealth fund. The funds raised will be used to continue the CEIP Definitive Feasibility Study underway, as well as the Gawler Iron Project scoping study. This followed an earlier \$11.5 million placement in April 2012, which also contributed to the ongoing DFS.



Mr Andrew Stocks
Managing Director



Figure 13 Geology Manager, Mr Milo Res, explains diamond drilling at the Iron Road display at the Wudinna Show

Mineral Resource Estimates

Murphy South Mineral Resource Estimate

Resource							
Classification	Oxidation	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Inferred	Fresh	550	16.4	53.2	12.5	0.09	0.4
	Transitional	32	16.3	50.7	14.0	0.05	5.5
	Oxide	87	16.4	50.5	14.4	0.05	5.8
Total Inferred		668	16.6	52.7	12.8	0.08	1.3
Indicated	Fresh	1,108	16.0	53.2	12.9	0.08	0.4
Total Indicated		1,108	16.0	53.2	12.9	0.08	0.4
Total Murphy South		1,776	16.1	53.0	12.8	0.08	0.8

The Murphy South mineral resource estimates were carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd.

Boo-Loo Mineral Resource Estimate

Resource							
Classification	Oxidation	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Inferred	Fresh	277	17.3	52.5	11.5	0.01	0.5
	Transitional	13	17.0	52.4	11.6	0.09	10.7
	Oxide	38	17.2	52.1	11.6	0.09	10.8
Total		328	17.3	52.4	11.5	0.09	2.1

The mineral resource estimates were carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd.

CEIP Global Mineral Resource

Location	Oxidation	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Murphy South	Indicated	1,108	16.0	53.2	12.9	0.08	0.4
	Inferred	668	16.4	52.7	12.8	0.08	1.3
Boo-Loo	Inferred	328	17.3	52.4	11.5	0.09	2.1
Total		2,104	16.2	52.9	12.7	0.08	1.0

The mineral resource estimates were carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd.

Competent Person's Statement

The information in this report that relates to Exploration Results and the exploration target at Murphy South is based on and accurately reflects information compiled by Mr Larry Ingle, who is a fulltime employee of Iron Road Limited and a Member of the Australasian Institute of Mining and Metallurgy. 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 2004 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.

The information in this report that relates to Mineral Resources is based on and accurately reflects information compiled by Mr Iain Macfarlane, Coffey Mining, who is a consultant and advisor to Iron Road Limited and a Member of the Australasian Institute of Mining and Metallurgy. Mr Macfarlane 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Macfarlane consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to exploration targets is based on and accurately reflects information compiled by Mr Albert Thamm, Coffey Mining, who is a consultant and advisor to Iron Road Limited and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Thamm 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Thamm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears on 31 August, 2009 in West Perth. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo and Murphy South prospect.



Figure 14. Diamond drilling at the Hambidge prospect

Directors' Report

Your directors submit their report on the Consolidated entity (referred to hereafter as the Group) consisting of Iron Road Limited and the entities it controlled at the end of or during the financial year ended 30 June 2012.

DIRECTORS and MANAGEMENT

The names and details of the Group's directors and management in office during the financial year and until the date of this report are as follows:



Julian Gosse
Chairman

Mr Gosse has extensive experience in banking and broking both in Australia and overseas. He has previously worked in London for Rowe & Pitman, in the United States for Janney Montgomery & Scott and in Canada for Wood Gundy. He has also been involved in the establishment, operation and ownership of several small businesses.

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

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

* denotes current directorships



Jerry Ellis
Director

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

Mr Ellis is a former 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. He is also a member of the Sentient Advisory Council and is on the Advisory Board of Anglo Coal Australia.

In the 3 years immediately before the end of the financial year, Mr Ellis served as a director of the following companies:

- Landcare Australia*
- Earth Resources Development Council
- Australia and New Zealand Banking Group Limited
- MBD Energy Limited*
- Pacific Road Corporate Finance Pty Limited
- Future Directions International

* denotes current directorships

Directors' Report



Ian Hume
Director

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

He remains an independent advisor to The Sentient Group, following his retirement from the fund in 2009. Prior to the founding of The Sentient Group, Mr Hume was a consultant to AMP's Private Capital Division.

In the 3 years immediately before the end of the financial year, Mr Hume served as a director of the following companies:

- Golden Minerals*
- Silver City Minerals*
- Norsemont Mining*
- Andean Resources

* denotes current directorships



Matthew J Keegan
Director

Mr Keegan gained extensive experience as a mine geologist working for companies such as Rio Tinto and Barrick across a range of commodities including iron ore, nickel, and gold. Mr Keegan is an advisor at The Sentient Group. Prior to joining Sentient, Mr Keegan worked as a mining analyst with a major research house, culminating in the publication of several mining industry cost studies.

No other directorships of listed companies were held in the last 3 years.



Andrew J Stocks
Managing Director

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

Mr Stocks was previously Managing Director and Chief Executive Officer of Siberia Mining Corporation until its merger with Monarch Gold. Prior to Siberia, he was Vice President, Operations of Crew Gold Corporation, a London based mining and exploration company.

No other directorships of listed companies were held in the last 3 years.

Directors' Report



Graham D Anderson
Company Secretary

Mr Anderson is a graduate of Curtin University and has over 25 years' commercial experience as a Chartered Accountant. He operates his own specialist accounting and management consultancy practice, providing a range of corporate advisory services to both public and private companies. From 1990 to 1997 he was an audit partner at Duesburys and from 1997 to 1999 he was an audit partner at Horwath Perth.

He is currently a Director of Echo Resources Limited, Mako Hydrocarbons Limited, Oakajee Corporation Limited, Pegasus Metals Limited and Tangiers Petroleum Limited.



Larry J Ingle
General Manager

Mr Ingle is a geologist, having graduated with a BSc (Hons) & MSc in Geology from the University of Witwatersrand, Johannesburg and an MBA from the Graduate School of Business, Curtin University of Technology, Perth. He has 25 years' experience in a variety of mining, tunnelling, exploration, project development and business improvement roles in Australia and southern Africa. Mr Ingle has held senior positions with various global companies such as Barrick and Rio Tinto.



Lex Graefe
Chief Financial Officer (commenced December 2011)

Mr Graefe has extensive management and commercial experience working in the mining industry for the last 30 years in Australia, Africa and Asia. His experience includes leadership roles in project studies, engagements with governments and stakeholders, various CFO roles and extensive experience in the iron ore industry. Mr Graefe worked for Rio Tinto for some 22 years up until 2004, where his later roles were as President Director of Rio Tinto Indonesia, following a term as General Manager Finance with Rio Tinto India.

Directors' Report



Peter Bartsch

Study Manager (commenced November 2011)

Mr Bartsch graduated as a Metallurgist in South Australia and has over 34 years' experience in metal extraction and minerals processing industries. His capability covers most traded commodity metals and includes hematite and magnetite ores. Mr Bartsch has contributed to evaluations for many large and small resource organisations through management of investigations and designs, which included technology leadership across feasibility studies and project delivery. He has also coordinated international missions for the International Atomic Energy Agency and has published technical articles in a range of metallurgical process fields.



Milo Res

Geology Manager

Mr Res is a geologist, with approximately 30 years mining industry experience in Australia and southern Africa. He graduated with a BSc (Hons) in Geology from the University of Pretoria and MSc in Geology from Potchefstroom University, South Africa. Mr Res has been involved in a wide range of mining and exploration activities including gold, nickel and iron ore. He was a key member of the Fortescue Metals Group team developing the Cloudbreak iron ore mining project in the Pilbara and more recently in the Jack Hills magnetite/hematite mining and development project for Crosslands Resources in the mid-west region of Western Australia.



Laura Johnston

Regulation and Approvals Manager

Ms Johnston began her career with the Department of Mines and Energy, South Australia (now DMITRE) over 20 years ago and specialised in providing advice and assistance to landowners, the resources sector and other stakeholders on the mining legislation. A former Mining Registrar and Principal Advisor, she left Government and consulted to numerous ASX listed resources companies, including Iron Road Limited for four years before joining Iron Road full time in September 2011.

Directors' Report

1. PRINCIPAL ACTIVITY

The principal activity of the Group during the year was the exploration and evaluation of the Group's iron ore ground holdings.

2. INTERESTS IN SHARES AND OPTIONS

As at the date of this report, the interests of the directors in the shares and options of Iron Road Limited were:

	Ordinary shares	Options over Ordinary Shares
Julian Gosse	591,000	2,500,000
Ian Hume	5,151,203	-
Matthew J Keegan	2,200,000	3,780,000
Andrew J Stocks	2,915,938	9,420,000
Jerry Ellis	80,000	500,000

3. DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

4. OPERATING AND FINANCIAL REVIEW

Operating Results for the Year

The operating loss after income tax of the Group for the year ended 30 June 2012 was \$2,542,228 (2011: \$1,042,222*).

Shareholder Returns	2012	2011
Basic and diluted loss per share (cents)	(1.80)	(1.03)*

* Restated. Refer to Note 3 of the Financial Statements for further details.

Risk Management

The board is responsible for ensuring that risks and also opportunities are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Group believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Strategic planning, which encompasses strategy statements designed to meet stakeholders needs and manage business risk; and
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Apart from the above or as noted elsewhere in this report no significant changes in the state of affairs of the Company occurred during the financial period.

Directors' Report

6. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 2 August 2012, the Group announced a fully underwritten 31-for-40 accelerated non-renounceable entitlement offer of new Iron Road shares at an offer price of \$0.32 per new share to raise approximately \$40 million (before costs).

Apart from the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

7. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

8. ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to environmental regulation in respect to its mineral tenements relating to exploration activities on those tenements. No breaches of any environmental restrictions were recorded during the financial year. The Group has not yet fully reviewed the reporting requirements under the Energy Efficient Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007, but believes it has adequate systems in place to ensure compliance with these Acts having regard to the scale and nature of current operations.

9. REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration;
- B Details of remuneration;
- C Service agreements;
- D Share-based compensation; and
- E Additional information

The information provided in this remuneration report has been audited as required under Section 308 (3C) of the Corporations Act 2001.

A Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Iron Road Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Group's financial results. The board of Iron Road Limited believes the remuneration policy should now be reviewed to ensure that it remains appropriate and effective in its ability to attract and retain high calibre executives and directors to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Directors' Report

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and other senior executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

The current policy is to remunerate non executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non executive directors is currently \$200,000 which was approved through a General Meeting held on 22 January 2008. Fees for non executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group and are able to participate in employee option plans.

Use of Remuneration Consultants

The Company has not used a remuneration consultant during the year.

Voting and comments made at the Company's 2011 Annual General Meeting

The Company received more than 90% of "yes" votes on its remuneration report for the 2011 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Performance based remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to executives to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options at year end, refer note 16 to the financial statements.

There are non-market performance related vesting conditions on some of the options granted during the year. These conditions link to the Company completing the Definitive Feasibility Study in relation to the Central Eyre Iron Project. For those options that do not have performance related vesting conditions, these have vested immediately. The Company has not attached performance conditions to these options as these were issued as a reward for past service as opposed to future goal alignment.

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and directors and executives' performance. Currently, this is facilitated through the issue of options to executives to encourage the alignment of personal and shareholder interests.

B Details of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Iron Road Limited are set out in the following table.

The key management personnel of Iron Road Limited include the directors and company secretary and the following executive officer who has authority and responsibility for planning, directing and controlling the activities of the Group:

- Larry Ingle – General Manager

Given the size and nature of operations of Iron Road Limited there are no other specified executives who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

Directors' Report

Key management personnel and other executives of Iron Road Limited

	Short-Term Salary & Fees \$	Post Employment Superannuation \$	Share-based Payments Options \$	Remuneration consisting options %	Total \$
Directors					
Julian Gosse					
2012	50,000	4,500	-	-	54,500
2011	50,000	13,987 ⁽¹⁾	-	-	63,987
Ian Hume					
2012	50,000	4,500	-	-	54,500
2011	50,000	4,500	-	-	54,500
Jerry Ellis					
2012	50,000	4,500	352,450	-	406,950
2011	27,083	2,437	-	-	29,520
Matthew Keegan ⁽²⁾					
2012	-	-	-	-	-
2011	-	-	-	-	-
Andrew Stocks					
2012	290,000	26,100	11,064	-	327,164
2011	266,667	24,000	(2,214)	-	288,453
Company Secretary					
Graham Anderson					
2012	106,300	-	-	-	106,300
2011	55,500	-	-	-	55,500
Other key management personnel					
Larry Ingle					
2012	290,000	26,100	-	-	316,100
2011	266,667	24,000	-	-	290,667
Total key management personnel compensation					
2012	839,250	65,700	363,514	-	1,268,464
2011	715,917	68,924	(2,214)	-	782,627

⁽¹⁾ This includes payments for superannuation not received in 2009 and 2010.

⁽²⁾ It was deemed at year end 30 June 2012 and 30 June 2011 that no fee is payable to Matthew Keegan during his appointment as a Director of Iron Road Limited.

There are no cash bonuses or non-monetary benefits relating to any of the Directors and Key Management Personnel during the year.

Directors' Report

C Service agreements

The details of service agreements of the key management personnel of Iron Road Limited are as follows:

Julian Gosse, Chairman

- Initial chairman's fee of \$50,000 per annum plus statutory superannuation, to be reviewed annually by the Remuneration Committee of the Board. No termination benefits are payable.

Ian Hume, Non-Executive Director

- Initial director's fee of \$50,000 per annum plus statutory superannuation, to be reviewed annually by the Remuneration Committee of the Board. No termination benefits are payable.

Jerry Ellis, Non-Executive Director

- Initial director's fee of \$50,000 per annum plus statutory superannuation, to be reviewed annually by the Remuneration Committee of the Board. No termination benefits are payable.

Matthew Keegan, Non-Executive Director

- Initial director's fee of \$50,000 per annum plus statutory superannuation, to be reviewed annually by the Remuneration Committee of the Board. No termination benefits are payable. Fee waived by Mr Keegan.

Graham D Anderson, Company Secretary

- GDA Corporate Pty Ltd to provide Company Secretary and Accounting Services at \$5,500 per month and \$3,850 per month respectively.
- No fixed term agreement. A three month notice period is required in the event of termination.

Andrew J Stocks, Managing Director

- Annual base salary of \$290,000, plus statutory superannuation, to be reviewed annually by the Remuneration Committee of the Board.
- No fixed term agreement. Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes any accrued long service leave and annual entitlements, superannuation, retiring allowance, superannuation gratuity to the value of which does not exceed the maximum amount ascertained in accordance with the formula set out in section 200G of the Corporations Act 2001.

Larry Ingle, General Manager – appointed 1 July 2009

- Annual base salary of \$290,000, plus statutory superannuation, to be reviewed annually by the Remuneration Committee of the Board.
- No fixed term agreement. Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes any accrued long service leave and annual entitlements, superannuation, retiring allowance, superannuation gratuity to the value of which does not exceed the maximum amount ascertained in accordance with the formula set out in section 200G of the Corporations Act 2001.

Lex Graefe, Chief Financial Officer – appointed 12 December 2011

- Daily rate of \$1,400, plus statutory superannuation, to be reviewed annually by the Remuneration Committee of the Board.
- No fixed term agreement. No termination benefits are payable.

Directors' Report

D Share-based compensation

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Iron Road Limited to increase goal congruence between executives, directors and shareholders. The options as detailed below were granted to or vested with key management personnel during the period:

	Grant Date	Granted Number	Number of options vested during the period	Expiry Date	Exercise Price (cents)	Fair value per option at grant date (cents)*	Exercised Number	Maximum total value of grant yet to vest
Andrew J Stocks	23/01/08	6,000,000	- ⁽¹⁾	23/01/13	\$0.35	6.10	-	16,825
Jerry Ellis	25/07/11	500,000	500,000	25/07/16	\$1.00	7.05	-	-

⁽¹⁾ The estimated date of fulfilment of vesting conditions of the remaining 1,500,000 options was revised during the year to 30 June 2013. During the year ended 30 June 2012, no additional options had vested as tranche 4 of the vesting conditions had not been met by the reporting date.

* The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

Tranche	Amount	Vesting Conditions
1	1,500,000	Admission to the official list of the ASX
2	1,500,000	The Company's share price remaining at or above 50 cents per share for 30 consecutive days
3	1,500,000	The Company publishing a JORC compliant Resource of at least 100M tonnes
4	1,500,000	Upon completion of a definitive feasibility study

The total number of options vested as at 30 June 2012 is 4,500,000.

E Additional information

No market based performance bonuses have been paid to key management personnel during the financial year.

The table below sets out information about the Company's earnings and movements in shareholder wealth of the periods since listing:

	30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
	\$	\$	\$	\$	\$
Revenue	457,306	116,133	95,402	199,355	30,022
Net Profit /(Loss) before tax	(3,239,233)	(2,076,551)*	(11,299,132)	(4,604,591)	(380,874)
Share price at year-end	0.305	0.840	0.590	0.175	0.349

* Restated. Refer to Note 3 in the Financial Statements for further details.

This is the end of the audited remuneration report.

Directors' Report

10. DIRECTORS' MEETINGS

During the financial year the Company held three meetings of directors. The attendance of directors at meetings of the board was:

	Directors' Meetings	
	A	B
Julian Gosse	3	3
Ian Hume	3	3
Matthew Keegan	3	3
Jerry Ellis	3	3
Andrew Stocks	3	3

Notes

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the period

11. SHARES UNDER OPTION

At the date of this report there are 22,925,000 unlisted options outstanding.

The balance is comprised of the following:

Issue date	Expiry date	Exercise price (cents)	Number of options
27 May 2008	22 Jan 2013	20	7,125,000
27 May 2008	22 Jan 2013	35	7,500,000
27 May 2008	10 Mar 2013	20	2,000,000
29 Oct 2008	6 Aug 2013	35	3,000,000
23 Dec 2009	15 Dec 2014	20	625,000
23 Dec 2009	15 Dec 2014	25	625,000
23 Dec 2009	15 Dec 2014	30	625,000
23 Dec 2009	15 Dec 2014	35	625,000
30 Aug 2011	25 July 2016	100	500,000
30 Aug 2011	24 August 2016	100	100,000
30 Aug 2011	24 August 2016	125	100,000
30 Aug 2011	24 August 2016	150	100,000
Total number of options outstanding at the date of this report			22,925,000

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

Shares issued on exercise of options

The following ordinary shares of the Company were issued to directors during the year ended 30 June 2012 on the exercise of options:

Name	Date of exercise of options	Number of ordinary shares issued on exercise of options during the year	Value at exercise date*
Directors of Iron Road Limited			
Ian Hume	8 July 2011	2,500,000	\$1,562,500

*The value at the exercise date of options exercised during the year has been determined as the intrinsic value of the options at that date.

Directors' Report

12. PROCEEDINGS ON BEHALF OF COMPANY

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

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

13. INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of Iron Road Limited against costs incurred in defending proceedings for conduct involving:

- a) a wilful breach of duty; or
- b) a contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid is confidential under the terms of the insurance policy.

The Company has 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.

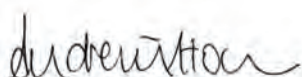
14. NON AUDIT SERVICES

Taxation advice was provided to the Group by BDO Audit (WA) Pty Ltd during the period. Refer to Note 17(b) for details on fees paid or payable for non-audit services provided by related entities of BDO (WA) Pty Ltd.

15. 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 34.

Signed in accordance with a resolution of the directors, and on behalf of the board by



Andrew Stocks
Managing Director
26 September 2012

Auditor's Independence Declaration



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Fax: +8 6382 4601
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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

26 September 2012

The Directors
Iron Road Limited
Level 6, Currie Street
ADELAIDE, WA 5000

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF IRON ROAD LIMITED

As lead auditor of Iron Road Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- any applicable code of professional conduct in relation to the audit.

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

Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Corporate Governance Statement

Corporate Governance Statement

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity and pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practises depart from the recommendations.

Principle 1 Recommendation 1.1

Notification of Departure

The Company has not formally disclosed the functions reserved to the Board and those delegated to management.

Explanation for Departure:

The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management. The Board has established a framework for the management of the Company and the roles and responsibilities of the Board and management.

Previously due to the small size of the Board and of the Company, the Board did not think that it was necessary to formally document the roles of the Board and management as these roles were clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Company and ensuring that shareholder value is increased.

Principle 2 Recommendation 2.1

Notification of Departure:

The Board does not have a majority of independent Directors.

Explanation for Departure:

The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant industry experience and specific expertise relevant to the Company's business and level of operations.

The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non-independent Directors possess the skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by Directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint independent Directors as it deems appropriate.

Principle 2 Recommendation 2.4

Notification of Departure:

The full Board carries out the role of a remuneration and nomination committee in the Remuneration and Nomination Committee Charter formalised on 14 February 2009. The Board has not adopted a charter relevant to the specific functions of a remuneration and nomination committee.

Corporate Governance Statement

Explanation for Departure:

The Board considers that no efficiencies or other benefits would be gained by establishing a separate remuneration and nomination committee, in particular at this early stage of the Company's operation, where the Company's focus is on the retention of Directors and senior executives.

Principle 3 Recommendations 3.1, 3.2, 3.3, 3.4

The Company is committed to an inclusive workplace that embraces and promotes diversity, while respecting International, Sovereign and Australian laws.

The Company recognises the value of a diverse workforce and believes that diversity supports all employees reaching their full potential, improves business decisions, business results, increases stakeholder satisfaction and promotes realisation of the Company vision.

Diversity may result from a range of factors including, but not limited to, gender, age ethnicity and cultural backgrounds.

This adds to the collective skills and experience of the Company.

Company and Individual Expectations

- Ensure diversity is incorporated into the behaviours and practises of the Company;
- Facilitate equal employment opportunities based on job requirements only using recruitment and selection processes which ensures selection from a diverse pool;
- Engage professional search and recruitment firms when needed to enhance selection pool;
- Help to build a safe work environment by acting with care and respect at all times, ensuring there is no discrimination, harassment, bullying, victimisation, vilification or exploitation of individuals or groups;
- Develop flexible work practices to meet the differing needs of employees and potential employees;
- Attract and retain a skilled and diverse workforce as an employer of choice;
- Enhance reputation through a workforce that respects and reflects the diversity of our stakeholders and communities in which the Company operates;
- Make a contribution to the economic, social and educational well being of all of the communities the Company operates in;
- Meet the relevant requirements of domestic and international legislation appropriate to the Company's operations;
- Create an inclusive workplace culture; and
- Establish measurable diversity objectives and monitor and report on the achievement of those objectives annually.

It is the responsibility of all directors, officers, employees and contractors to comply with the Company's Diversity Policy and report violations or suspected violations in accordance with this Policy.

Gender Diversity

The Board is responsible for establishing and monitoring on an annual basis the achievement against gender diversity objectives and strategies, including the representation of women at all levels of the organisation.

The proportion of women within the whole organisation as at the date of this report are as follows:

Women employees in the whole organisation	53%
Women in Senior Executive positions	-
Women on the Board of Directors	-

Corporate Governance Statement

The Board acknowledges the absence of female participation on the Board of Directors. However, as noted above, the Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

Principle 4 Recommendation 4.2, 4.3, 4.4

Notification of Departure:

There is no separate Audit Committee.

Explanation for Departure:

The Company's financial statements are prepared by the Company Secretary and reviewed in detail by the full Board. The audit committee consists of the current full Board. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee, in particular at this early stage of the Company's operation.

Principle 7 Recommendation 7.1

Notification of Departure:

The Company has an informal risk oversight and management policy and internal compliance and control system.

Explanation for Departure:

The Board is aware of the various risks that affect the Company and its particular business and reviews these risks on a regular basis. As the Company develops, the Board will further develop appropriate procedures to deal with risk oversight and management and internal compliance, taking into account the size of the Company and the stage of development of its projects.

Principle 8 Recommendation 8.1

Notification of Departure:

The Company does not have in place a formal process for evaluation of the Board, its committees, individual Directors and key executives.

Explanation for Departure:

Due to the size and structure of the Board a formal evaluation process is not conducted.

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2012	Notes	2012 \$	2011 (Restated*) \$
REVENUE	5	457,306	116,133
General expenses	6	(1,002,846)	(783,031)
Depreciation		(67,033)	(26,328)
Impairment of exploration expenses	6	(691,489)	(390,341)
Employee expenses		(662,781)	(758,709)
Superannuation		(160,628)	(74,130)
Consulting		(41,026)	(15,000)
Marketing		(379,995)	(66,471)
Travel and accommodation		(216,413)	(80,888)
Share based payment		(474,328)	2,214
Loss before income tax		(3,239,233)	(2,076,551)
Income tax benefit	7	697,005	1,034,329
LOSS FOR THE YEAR		(2,542,228)	(1,042,222)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(2,542,228)	(1,042,222)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO MEMBERS OF IRON ROAD LIMITED	24	(2,542,228)	(1,042,222)
Loss per share for loss attributable to ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)	24	cents (1.80)	cents (1.03)

* Restated. Refer to Note 3 for further details.

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position

	Notes	30 June 2012 \$	30 June 2011 (Restated*) \$	1 July 2010 (Restated*) \$
CURRENT ASSETS				
Cash and cash equivalents	8	6,499,620	125,603	3,071,470
Trade and other receivables	9	779,812	561,289	431,268
TOTAL CURRENT ASSETS		7,279,432	686,892	3,502,738
NON CURRENT ASSETS				
Other assets	10	56,170	1,700	400
Property, plant and equipment	11(a)	1,580,868	117,446	39,590
Exploration and evaluation expenditure	11(b)	47,852,396	24,939,230	9,032,712
TOTAL NON CURRENT ASSETS		49,489,434	25,058,376	9,072,702
TOTAL ASSETS		56,768,866	25,745,268	12,575,440
CURRENT LIABILITIES				
Trade and other payables	12	2,727,796	3,253,926	1,739,197
Provisions		100,000	-	-
TOTAL CURRENT LIABILITIES		2,827,796	3,253,926	1,739,197
TOTAL LIABILITIES		2,827,796	3,253,926	1,739,197
NET ASSETS		53,941,070	22,491,342	10,836,243
EQUITY				
Issued Capital	13	60,659,503	27,141,875	14,442,340
Reserves	14(a)	4,773,127	4,298,799	4,301,013
Accumulated losses	14(b)	(11,491,560)	(8,949,332)	(7,907,110)
TOTAL EQUITY		53,941,070	22,491,342	10,836,243

* Restated. Refer to Note 3 for further details.

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity

	Share Capital Ordinary \$	Accumulated Losses \$	Share-based Payments Reserve \$	Option Issue Reserve	Total Equity \$
BALANCE AT 1 JULY 2010 (Restated*)	14,442,340	(7,907,110)	4,027,763	273,250	10,836,243
Loss for the year	-	(1,042,222)	-	-	(1,042,222)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(1,042,222)	-	-	(1,042,222)
Contributions to equity net of transactions costs	12,699,535	-	-	-	12,699,535
Share based payments	-	-	(2,214)	-	(2,214)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	12,699,535	-	(2,214)	-	12,697,321
BALANCE AT 30 JUNE 2011 (Restated*)	27,141,875	(8,949,332)	4,025,549	273,250	22,491,342

	Share Capital Ordinary \$	Accumulated Losses (Related*) \$	Share-based Payments Reserve \$	Option Issue Reserve	Total Equity \$
BALANCE AT 1 JULY 2011	27,141,875	(8,949,332)	4,025,549	273,250	22,491,342
Loss for the year	-	(2,542,228)	-	-	(2,542,228)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(2,542,228)	-	-	(2,542,228)
Contributions to equity net of transactions costs	33,517,628	-	-	-	33,517,628
Share based payments	-	-	474,328	-	474,328
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	33,517,628	-	474,328	-	33,991,956
BALANCE AT 30 JUNE 2012	60,659,503	(11,491,560)	4,499,877	273,250	53,941,070

* Refer to Note 3 for further details.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2012	Notes	2012 \$	2011 (Restated*) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Research and development tax refund		697,006	1,034,329
Payments to suppliers and employees		(3,516,567)	(2,016,807)
Interest received		429,366	123,627
Other		(166,423)	(143,148)
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	23	(2,556,618)	(1,001,999)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,530,455)	(104,185)
Payments for exploration expenditure		(22,913,165)	(15,987,318)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(24,443,620)	(16,091,503)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares/options		33,838,578	13,213,813
Payment of share issue costs		(464,323)	(289,608)
NET CASH INFLOW FROM FINANCING ACTIVITIES		33,374,255	12,924,205
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		6,374,017	(2,945,867)
Cash and cash equivalents at the beginning of the year		125,603	3,071,470
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8	6,499,620	125,603

* Refer to Note 3 for further details.

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial information included in this report have been set out below.

(a) Basis of preparation of historical financial information

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Boards, Australian Accounting Interpretations and the Corporations Act 2001. These financial statements have been prepared on a historical cost basis.

Compliance with Australian Equivalents to International Financial Reporting Standards (AIFRS) ensures that the financial statements, comprising the notes thereto, comply with International Financial Reporting Standards. Australian Accounting Standards include AIFRS. These financial statements are presented in Australian Dollars, which is the Group's functional and presentation currency.

Going Concern

The directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. Although the Company incurred a net loss of \$2,542,228 for the year (2011: \$1,042,222*) and incurred, cash outflows from operating and investing activities of \$27,000,238 (2011: \$17,093,502*) subsequent to year end the Company was successful in raising additional capital to fund its ongoing exploration and feasibility studies as detailed in Note 22.

* Restated. See Note 3 for further details.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of Iron Road Limited as at 30 June 2012 and the results of all subsidiaries for the year then ended. Iron Road Limited and its subsidiaries together are referred to in this report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

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 subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(c) Revenue Recognition

Sale of Goods and Services

Revenue from sale of goods or services is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

Notes to the Consolidated Financial Statements

Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipt over the expected life of the financial asset.

(d) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

On 19 March 2012, the Australian Government passed through the Senate, the Minerals Resource Rent Tax Act 2012, with application to certain profits arising from the iron ore and coal extracted in Australia. In broad terms, the tax is imposed on a project-by-project basis.

This tax applies to upstream mining operations only, and the effective rate of Minerals Resource Rent Tax is 22.5%. This tax is considered to be an "income tax" for the purposes of AASB 112.

Certain transition measures are contained in the legislation which can give rise to deductions in future years, for Minerals Resource Rent Tax purposes.

Any modelling and/or valuations performed on behalf of the Group may give rise to an increase in the balance of deferred tax assets at 30 June 2012. However, given the nature of the Group's operations (i.e. primarily exploration) and the infancy of the Group's Iron Ore project the Group has not recognised such amounts as at 30 June 2012 under Deferred Tax Assets (refer to Note (7): Income Tax Expense).

(e) Impairment of Assets

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the statement of comprehensive income where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to the Consolidated Financial Statements

(f) Cash and Cash Equivalents

"Cash and cash equivalents" includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(g) Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Loans and receivables

Non-current loans and receivables include loans due from related parties repayable no earlier than 365 days of statement of financial position date. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating. The discount is credited to the statement of comprehensive income immediately and amortised using the effective interest method. Loans and receivables are carried at amortised costs using the effective interest rate method.

(h) Fair value estimation

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at statement of financial position date. The quoted market price for financial assets is the current bid price and the quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at reporting date. The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments.

The fair value of trade receivables and payables is their normal value less estimated credit adjustments due to their short term nature.

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently at amortised cost.

(j) Employee benefits

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of statement of financial position date are recognised in respect of employees' services rendered up statement of financial position date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of other payables and liabilities for annual and sick leave are included as part of employee benefits provisions.

Long Service Leave

Liabilities for long service leave are recognised as part of 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 to the statement of financial position date using the projected future projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using

Notes to the Consolidated Financial Statements

national government bond rates at statement of financial position date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement Benefit Obligations

The Group has a defined contribution superannuation fund. Contributions are recognised as expenses as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(k) Exploration and evaluation expenditure

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is impaired, with the exception of expenditure where a JORC compliance (or JORC equivalent) Resource has been identified, which is carried forward as an asset.

A provision for unsuccessful exploration and evaluation is created against each area of interest by means of a charge to the statement of comprehensive income.

The recoverable amount of each area of interest is determined on a bi-annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount. For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged to profit and loss.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(l) Contributed Equity

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.

(m) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Leases

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

Notes to the Consolidated Financial Statements

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

(o) Provisions

Provisions for legal claims are recognised when the Group has a legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(p) Share based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options is recognised as an expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the holder becomes unconditionally entitled to the options. Fair value is determined by an independent valuer using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Iron Road ("market conditions").

The cumulative expense recognised between grant date and vesting date is adjusted to reflect the director's best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the statement of comprehensive income. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

(q) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's 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 derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on the straight line basis to write off the net cost of each item over its expected useful life.

Notes to the Consolidated Financial Statements

Depreciation rate for computer equipment is 33%. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

As 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 (note 1(d)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(r) Earnings per Share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing the operating loss after income tax by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of partly paid shares or options outstanding during the financial year.

(s) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which has been identified by the Group as the Managing Director and other members of the Board of Directors.

(t) Adoption of new and revised standards

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2012. They have not been adopted in preparing the financial statements for the year ended 30 June 2012 and are expected to impact the Group in the period of initial application. In all cases the Group intends to apply these standards from application date as indicated in the table below.

Affected Standard	Title of Affected Standard	Nature of Change	Application Date	Impact on Initial Application
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: Amortised cost Fair value through profit or loss Fair value through other comprehensive income	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The entity has not yet made an assessment of the impact of these amendments

Notes to the Consolidated Financial Statements

Affected Standard	Title of Affected Standard	Nature of Change	Application Date	Impact on Initial Application
AASB 9 (issued December 2009 and amended December 2010) (cont)	Financial Instruments	<p>The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9. These include the requirements relating to:</p> <p>Classification and measurement of financial liabilities; and</p> <p>Derecognition requirements for financial assets and liabilities.</p> <p>However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p>	Periods beginning on or after 1 January 2015	Changes in the available-for-sale reserve will be reclassified into retained earnings and subsequent fair value changes will be recognised in profit or loss. These changes apply prospectively so comparatives do not need to be restated. The entity does not have any financial liabilities measured at fair value through profit or loss. There will therefore be no impact on the financial statements when these amendments to AASB 9 are first adopted.
AASB 10 (issued August 2011)	Consolidated Financial Statements	<p>Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present:</p> <p>Power over investee (whether or not power used in practice)</p> <p>Exposure, or rights, to variable returns from investee</p> <p>Ability to use power over investee to affect the entity's returns from investee.</p>	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities.

Notes to the Consolidated Financial Statements

Affected Standard	Title of Affected Standard	Nature of Change	Application Date	Impact on Initial Application
AASB 13 (issued September 2011)	Fair Value Measurement	<p>Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.</p> <p>Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments, e.g. land and buildings, investment properties etc.</p>	Annual reporting periods commencing on or after 1 January 2013	<p>The entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.</p> <p>When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values</p>
AASB 2011-9 (issued September 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	<p>Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows:</p> <ol style="list-style-type: none"> 1. Statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' 2. Statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot. 	Annual periods commencing on or after 1 July 2012	<p>When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).</p>

Notes to the Consolidated Financial Statements

Affected Standard	Title of Affected Standard	Nature of Change	Application Date	Impact on Initial Application
AASB 119 (reissued September 2011)	Employee Benefits	<p>Main changes include: Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans.</p> <p>Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods. Subtle amendments to timing for recognition of liabilities for termination benefits.</p>	Annual periods commencing on or after 1 January 2013	The entity currently calculates its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments to AASB 119 require that such liabilities be calculated on the basis of when the leave is expected to be taken, i.e. expected settlement.
AASB 119 (reissued September 2011) (cont)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to be settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for 30 June 2014 year end, it will have minimal impact on annual leave liabilities in the financial statements.
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

Notes to the Consolidated Financial Statements

Affected Standard	Title of Affected Standard	Nature of Change	Application Date	Impact on Initial Application
IFRS (issued December 2011)	IFRS (issued December 2011) Mandatory Effective Date of IFRS 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.



Notes to the Consolidated Financial Statements

Affected Standard	Title of Affected Standard	Nature of Change	Application Date	Impact on Initial Application
IAS 1	Presentation of Financial Statements	<p>Minimum comparative information</p> <p>Clarifies the requirements for comparative information as follows:</p> <p>Only one year's comparative information (i.e. for the preceding period)</p> <p>Two of each financial statement</p> <p>Narrative information provided in preceding period's financial statements that continues to be relevant in current period.</p> <p>Comparative information that exceeds minimum requirements can be provided as long as it complies with IFRSs. Separate components of financial statements can be provided without including the whole set, for example, including a third statement of comprehensive income only.</p> <p>However, where an additional statement of comprehensive income is included, full comparative information relating to this additional statement of comprehensive income must be provided.</p> <p>Comparative information where there has been a change in accounting policy, retrospective restatement or reclassification</p> <p>Clarifies the requirements for comparative information as follows:</p> <p>Additional statement of financial position required at beginning of preceding period (rather than at beginning of earliest comparative period). This means that a maximum of three statements of financial position are required</p> <p>Related notes for third statement of financial position only need to include those relating to the change in accounting policy, retrospective restatement or reclassification.</p>	Periods commencing on or after 1 January 2013	There will be no impact when this amendment is first adopted as the entity only includes comparatives for the preceding period.

Notes to the Consolidated Financial Statements

Affected Standard	Title of Affected Standard	Nature of Change	Application Date	Impact on Initial Application
IAS 16	Property, Plant and Equipment	Clarifies that items such as spare parts, stand-by or servicing equipment are required to be classified as property, plant and equipment (PPE) when they meet the definition of PPE. Otherwise they are required to be classified as inventory.	Periods commencing on or after 1 January 2013	There will be no impact when this amendment is first adopted because the entity has minimal items that are required to be classified as PPE under this standard.
IAS 32	Financial Instruments: Presentation	Clarifies that the following are required to be accounted for under IAS 12 Income Taxes: Income tax relating to distributions to holders of equity instruments Income tax relating to transaction costs of an equity instrument. This means that depending on the circumstances, income tax might be recognised in either profit or loss or equity.	Periods commencing on or after 1 January 2013	There will be no impact when this amendment is first adopted because the entity does not hold a material holding in spare parts.

Notes to the Consolidated Financial Statements

(u) 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 and liabilities within the next financial year are discussed below.

Income Taxes

The Group is subject to income taxes in Australia and jurisdictions where it had foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the current and deferred tax provisions in the period in which such determination is made.

Fair value of share options and assumptions

Where no market-based vesting conditions are present, the fair value of services received in return for share options granted to Directors and employees is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on Black-Scholes options valuation methodology.

Where market-based vesting conditions are present, a Monte Carlo simulation has been used to value these options. The Monte Carlo simulates the predicted future share price of the Company and the probability of it remaining above a certain value for a set period of time.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

2. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

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.

Notes to the Consolidated Financial Statements

Credit risk

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

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2012 \$	2011 \$
Cash and cash equivalents	6,499,620	125,603
Trade and other receivables	779,812	561,289
	7,279,432	686,892

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:

	2012 \$	2011 \$
Financial assets – counterparties without external credit rating		
Financial assets with no default in the past	779,812	561,289
Cash at bank and short-term bank deposits		
AA-	6,497,100	79,836
A	2,520	45,767
	6,499,620	125,603

Impairment Losses

None of the Group's other receivables are past due. There is no impairment loss recognised in 2012.

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 by continuously monitoring forecast and actual cash flows.

There were no undrawn borrowing facilities in place during the current or prior year.

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

Notes to the Consolidated Financial Statements

2012

	Carrying amount	Total Contractual cash flows	6 months or less	6 - 12 months	6 - 12 years	2 - 5 years	More than 5 years
Trade and other payables	2,727,926	2,727,926	2,727,926	-	-	-	-
	2,727,796	2,727,796	2,727,796	-	-	-	-

2011

	Carrying amount	Total Contractual cash flows	6 months or less	6 - 12 months	6 - 12 years	2 - 5 years	More than 5 years
Trade and other payables	3,253,926	3,253,926	3,253,926	-	-	-	-
	3,253,926	3,253,926	3,253,926	-	-	-	-

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices 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 the return.

Currency Risk

The Group operates only in Australia and therefore is not exposed to any currency risk.

Interest rate risk

Exposure arises predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity. Interest rate risk is considered unlikely to be material.

Sensitivity Analysis

If the interest rates had weakened/strengthened by 1% at 30 June 2012, there would be no material impact on the statement of comprehensive income. A 1% range is used as it is felt that, based on past experience; this is the most likely range that interest rates would move by. There would be no effect on the equity reserves other than those directly related to the statement of comprehensive income movements (2011: nil).

Fair Values

All financial assets and liabilities have been recognised at the reporting date at amounts approximating their carrying value due to their short term nature.

Capital risk management

Consistently with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. As the Group has no borrowings the gearing ratio calculation has not been shown.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting. The Group is not subject to externally imposed capital requirements.

Notes to the Consolidated Financial Statements

3. VOLUNTARY CHANGE OF ACCOUNTING POLICY

The consolidated financial statements have been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure.

The new exploration and evaluation expenditure accounting policy is to capitalise and carry forward exploration and evaluation expenditure where a JORC compliant (or JORC equivalent) Resource has been identified. Expenditure incurred prior to the identification of a JORC compliant (or JORC equivalent) Resource is capitalised and subsequently impaired.

The previous accounting policy was that expenditure on exploration and evaluation activities in relation to areas of interest which had not reached a stage which permitted reasonable assessment of the existence or otherwise of economically recoverable reserves were expensed as incurred.

The new accounting policy was adopted on 30 June 2012 and has been applied retrospectively. The Directors believe that the change in accounting policy will provide more relevant information and no less reliable information to users of the consolidated financial statements. Capitalisation of exploration and evaluation expenditure is considered to be appropriate upon the identification of a JORC compliant Resource as it appropriately recognises that these projects are in the advanced exploration, evaluation or feasibility phases. Both the previous and the new accounting policy are compliant with AASB 6 Exploration for Evaluation of Mineral Resources.

The impact of the change in accounting policy on the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet and Consolidated Statement of Cash Flows is included in the tables on the following page.

Notes to the Consolidated Financial Statements

This voluntary change involves restating the following balances:

	30 June 2012 Previous Policy	Increase/ (Decrease)	30 June 2012 (Restated)	30 June 2011 Previous Policy	Increase / (Decrease)	30 June 2011 (Restated)	30 June 2010 Previous Policy	Increase/ (Decrease)	1 July 2010 (Restated)
Consolidated balance sheet (extract)									
Capitalised tenement acquisition costs	2,267,143	45,585,252	47,852,395	1,117,143	23,822,087	24,939,230	655,225	8,377,487	9,032,712
Net assets	8,355,818	45,585,252	53,941,070	(1,330,745)	23,822,087	22,491,342	2,458,759	8,377,487	10,836,246
Accumulated losses	(57,073,371)	45,585,252	(11,491,560)	(32,771,419)	23,822,087	(8,949,332)	(16,284,597)	8,377,487	(7,907,110)
Total equity	8,355,818	45,585,252	53,941,070	(1,330,745)	23,822,087	22,491,342	2,458,759	8,377,487	10,836,246
Consolidated income statement (extract)									
Exploration expenses	22,454,655	21,763,165	(691,489)	(15,834,941)	15,444,600	(390,341)			
Loss before income tax	(25,002,398)	21,763,165	(3,239,233)	(17,521,151)	15,444,600	(2,076,551)			
Income tax benefit	697,005	-	697,005	1,034,329	-	1,034,329			
Loss for the year	(24,305,392)	21,763,165	(2,542,228)	(16,486,822)	15,444,600	(1,042,222)			
Consolidated statement of cash flows (extract)									
Payments for exploration and evaluation expenditure	(22,913,165)	22,913,165	-	(15,987,318)	15,987,318	-			
Net cash generated from operating activities	(25,469,783)	22,913,165	(2,556,618)	(16,989,317)	15,987,318	(1,001,999)			
Payments for exploration and evaluation expenditure capitalised	-	(22,913,165)	(22,913,165)	-	(15,987,318)	(15,987,318)			
Net cash used in investing activities	(1,530,455)	(22,913,165)	(24,443,620)	(104,185)	(15,987,318)	(16,091,503)			

Basic and diluted loss per share for the prior year has also been restated.

Notes to the Consolidated Financial Statements

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information. The Group does not have any customers, and all the Group's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

	2012 \$	2011 (Restated*) \$
5. REVENUE		
From continuing operations		
<i>Other revenue</i>		
Interest income	457,306	116,133
	457,306	116,133
6. EXPENSES		
Loss before income tax includes the following specific expenses:		
Rent	70,049	60,383
Directors' fees	150,000	136,987
Other expenses	782,797	585,661
Total general expenses	1,002,846	783,031
Exploration expenses includes the following specific expenses:		
Exploration expenditure written off during the year***	(691,489)	(309,541)
Tenement acquisition costs written off during the year**	-	(80,800)
	(691,489)	(390,341)
<i>* Restated. Refer to Note 3 for further details.</i>		
<i>** Acquisition costs for surrendered tenements written off during the year.</i>		
<i>*** Exploration expenditure relating to Gawler and Windarling projects.</i>		
7. INCOME TAX		
(a) Income tax expense/(benefit)	697,005	1,034,329
(b) Loss from continuing operations before income tax benefit	(3,239,233)	(2,076,551)
Tax at the Australian tax rate of 30%	(971,770)	(622,965)
Non-deductible expenses	172,332	(150)
Effect of current year tax losses not recognised	857,861	679,639
Movement in unrecognised temporary differences	15,347	2,869
Tax deductible equity raising costs	(73,770)	(59,391)
Research and development tax offset	697,005	1,034,329
Income tax loss and related benefit	697,005	1,034,329
Amounts recognised directly in Equity		
Relating to equity raising costs	-	-

* Restated. Refer to Note 3 for further details.

Notes to the Consolidated Financial Statements

(c) Deferred tax assets and liabilities not recognised relate to the following:

7. INCOME TAX (continued)	2012	2011
	\$	(Restated*)
	\$	\$
Deferred tax assets		
<i>Deductible temporary differences</i>		
Black hole deduction	162,168	163,925
Accrued expenses	51,755	20,426
Non deductible accruals	-	4,800
Tax losses	8,506,573	5,081,207
	8,270,496	5,270,358
Deferred tax liabilities		
Accrued Income	8,599	217
Exploration expenditure	14,355,719	7,481,769
	14,364,318	7,481,986

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that taxable profits will be available against which deductible temporary differences and tax losses can be utilised.

8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS	2012	2011
	\$	\$
Cash and cash equivalents as shown in the statement of financial position and statement of cash flows	6,499,620	125,603

Cash and cash equivalents balance includes a two hundred and fifty thousand dollar security deposit against the corporate credit cards.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Deposits at calls are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. Information about the Group's exposure to interest rate risk is disclosed in Note 2.

9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES	2012	2011
	\$	\$
Tax receivable	726,987	560,564
Other receivables	52,825	725
	779,812	561,289

Tax receivable comprises Goods and Services Tax refund receivable for the June 2012 quarter. As of 30 June 2012, trade receivables that were past due or impaired were nil (2011: nil).

Refer to note 2 for the Group's risk management policy.

10. NON-CURRENT ASSETS - OTHER ASSETS	2012	2011
	\$	\$
Formation costs	-	200
Prepayments	56,170	1,500
	56,170	1,700

Notes to the Consolidated Financial Statements

	2012 \$	2011 \$
11. NON-CURRENT ASSETS		
PROPERTY PLANT AND EQUIPMENT		
(a) Property, plant and equipment		
<i>(i) Land and buildings</i>		
Cost	1,221,544	22,000
Accumulated depreciation	-	-
	1,221,544	22,000
<i>(ii) Plant and equipment</i>		
Cost	170,245	69,463
Accumulated depreciation	(38,003)	(11,653)
	132,242	57,810
<i>(iii) Computer equipment</i>		
Cost	182,677	26,350
Accumulated depreciation	(41,969)	(10,526)
	140,709	15,824
<i>(iv) Office equipment</i>		
Cost	59,886	21,449
Accumulated depreciation	(20,102)	(17,087)
	39,784	4,362
<i>(v) Motor vehicles</i>		
Cost	60,105	24,742
Accumulated depreciation	(13,515)	(7,294)
	46,590	17,448
Reconciliations of the carrying amounts of plant and equipment		
Balance at 30 June 2010		39,590
Additions		
Land and buildings		22,000
Plant and equipment		63,050
Computer equipment		13,693
Office equipment		3,426
Motor vehicles		2,015
Depreciation expense		(26,328)
Balance at 30 June 2011		117,446
Additions		
Land and buildings		1,199,544
Plant and equipment		100,782
Computer equipment		156,327
Office equipment		38,437
Motor vehicles		35,365
Depreciation expense		(67,033)
Balance at 30 June 2012		1,580,868

Notes to the Consolidated Financial Statements

	2012 \$	2011 (Restated*) \$
(b) Exploration and evaluation expenditure		
Opening net book amount	24,939,230	9,032,712*
Tenement acquisition during the year	1,150,000	542,718
Tenement acquisition costs written off during the year**	-	(80,800)
Additions during the period	22,454,345	15,834,941
Impairment of exploration expenses	(691,489)	(390,341)
Closing net book amount	47,852,396	24,939,230

* Restated. Refer to Note 3 for further details.

** Acquisition costs for surrendered tenements written off during the year.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	1,453,313	3,118,655
Accruals	987,914	16,000
Payroll liabilities	232,670	102,351
Other	53,899	16,920
	2,727,796	3,253,926

Refer to Note 2 for the Group's risk management policy.

13. ISSUED CAPITAL

(a) Share capital

	Notes	2012		2011	
		Number of shares	\$	Number of shares	\$
Ordinary shares fully paid	13(b)	161,207,273	60,980,453	113,695,564	27,656,153
Cost of capital raising		-	(320,950)	-	(514,278)
Total contributed equity		161,207,273	60,659,503	113,695,564	27,141,875

(b) Movements in ordinary share capital

	2011	
	Number of shares	\$
Beginning of the financial year	73,914,473	14,442,340
Issued during the year:		
- Issue of 15,019,579 ordinary shares at \$0.55 each	15,019,579	24,761,512
- Exercise of 24,761,512 listed options at \$0.20 each	-	8,260,768
- Adjustment to receipt of share monies from issue prior period	4,952,302	743
Less cost of capital raising	-	(514,278)
End of the financial year	113,695,564	27,141,875

Notes to the Consolidated Financial Statements

	2012	
	Number of shares	\$
Beginning of the financial year	113,695,564	27,141,875
Issued during the year:		
– Exercise of 625,000 unlisted options at \$0.20 each	625,000	125,000
– Exercise of 625,000 unlisted options at \$0.25 each	625,000	156,250
– Exercise of 625,000 unlisted options at \$0.30 each	625,000	187,500
– Exercise of 625,000 unlisted options at \$0.35 each	625,000	218,750
– Issue of 23,984,674 ordinary shares at \$0.90 each	23,984,674	21,586,209
– Issue of 21,027,036 ordinary shares at \$0.55 each	21,027,035	11,564,869
Less cost of capital raising	-	(320,950)
End of the financial year	161,207,273	60,659,503

(c) Movements in options on issue

	Number of options
	2011
Beginning of the financial year	50,806,473
Issued/(lapsed) during the year:	
– Exercise of listed options at 20 cents	(24,761,512)
– Lapsing of listed options at 20 cents	(1,119,961)
– Forfeiture of unlisted options at 75 cents	(300,000)
End of the financial year	24,625,000

	2012
Beginning of the financial year	24,625,000
Issued/(lapsed) during the year:	
– Exercise of 625,000 unlisted options at \$0.20 each	(625,000)
– Exercise of 625,000 unlisted options at \$0.25 each	(625,000)
– Exercise of 625,000 unlisted options at \$0.30 each	(625,000)
– Exercise of 625,000 unlisted options at \$0.35 each	(625,000)
– Issue of 500,000 unlisted options at \$1.00 each	500,000
– Issue of 100,000 unlisted options at \$1.00 each	100,000
– Issue of 100,000 unlisted options at \$1.25 each	100,000
– Issue of 100,000 unlisted options at \$1.50 each	100,000
End of the financial year	22,925,000

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote

Notes to the Consolidated Financial Statements

14. RESERVES AND ACCUMULATED LOSSES	2012	2011
	\$	\$
(a) Reserves		
<i>Share-based payments reserve</i>		
Balance at beginning of year	4,025,549	4,027,763
Directors and Employee share options	474,328	(2,214)
Balance at end of year	4,499,877	4,025,549
<i>Option issue reserve</i>		
Balance at beginning of year	273,250	273,250
Movement during the year	-	-
Balance at end of year	273,250	273,250
Total reserves	4,773,127	4,298,799
	2012	2011
	\$	(Restated*)
		\$
(b) Accumulated losses		
Balance at beginning of year	(8,949,332)	(7,907,110)
Net loss for the year	(2,542,228)	(1,042,222)
Balance at end of year	(11,491,560)	(8,949,332)

* Refer to Note 3 for further details.

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

Option issue reserve

The option issue reserve is used to recognise the proceeds from the issue of options.

15. DIVIDENDS

There was no dividend paid during the current or prior years.

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	2012	2011
	\$	\$
Short-term benefits	846,930	715,917
Post employment benefits	65,700	68,924
Share-based payments	363,514	(2,214)
	1,276,144	782,627

Detailed remuneration disclosures are provided in the remuneration report.

Notes to the Consolidated Financial Statements

(b) Option holdings

The numbers of options over ordinary shares in the Group held during the financial year by each director of Iron Road Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2012	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Iron Road Limited							
Julian Gosse	2,500,000	-	-	-	2,500,000	2,500,000	-
Ian Hume	2,500,000	-	2,500,000	-	-	-	-
Jerry Ellis	-	500,000	-	-	500,000	500,000	-
Matthew J Keegan	3,780,000	-	-	-	3,780,000	3,780,000	-
Andrew J Stocks	9,420,000	-	-	-	9,420,000	7,920,000	1,500,000
<i>Other Key Management Personnel of the Company</i>							
Graham Anderson	1,425,000	-	-	-	1,425,000	1,425,000	-
Larry Ingle	3,000,000	-	-	-	3,000,000	3,000,000	-
2011							
2011	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Iron Road Limited							
Julian Gosse	3,238,703	-	738,703	-	2,500,000	2,500,000	-
Ian Hume	3,401,203	-	901,203	-	2,500,000	2,500,000	-
Jerry Ellis	-	-	-	-	-	-	-
Matthew J Keegan	4,658,000	-	700,000	178,000	3,780,000	3,780,000	-
Andrew J Stocks	10,575,313	-	605,313	550,000	9,420,000	7,920,000	1,500,000
<i>Other Key Management Personnel of the Company</i>							
Graham Anderson	2,692,716	-	737,716	530,000	1,425,000	1,425,000	-
Larry Ingle	3,000,000	-	-	-	3,000,000	3,000,000	-

(c) Share holdings

The numbers of shares in the Company held during the financial year by each director of Iron Road Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Notes to the Consolidated Financial Statements

2012	Balance at start of the period	Received during the year on the exercise of options	Other changes during the period	Balance at end of the period
Directors of Iron Road Limited				
Julian Gosse	2,338,703	-	(1,747,703)	591,000
Ian Hume	2,651,203	2,500,000	-	5,151,203
Jerry Ellis	80,000	-	-	80,000
Matthew J Keegan	2,200,000	-	-	2,200,000
Andrew J Stocks	2,915,938	-	-	2,915,938
<i>Other Key Management Personnel of the Company</i>				
Graham Anderson	1,822,716	-	-	1,822,716
Larry Ingle	-	-	-	-
2011	Balance at start of the period	Received during the year on the exercise of options	Other changes during the period	Balance at end of the period
Directors of Iron Road Limited				
Julian Gosse	1,600,000	738,703	-	2,338,703
Ian Hume	1,750,000	901,203	-	2,651,203
Jerry Ellis	-	-	80,000	80,000
Matthew J Keegan	1,600,010	700,000	(100,010)	2,200,000
Andrew J Stocks	2,310,625	605,313	-	2,915,938
John McKee	-	-	-	-
<i>Other Key Management Personnel of the Company</i>				
Graham Anderson	1,085,000	737,716	-	1,822,716
Larry Ingle	-	-	-	-

There are no shares held nominally as at the year ended 30 June 2012.

(d) Other transactions with key management personnel of the Company

Refer to Note 20 for transactions with Key Management Personnel.

17. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2012 \$	2011 \$
(a) Audit services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports under the Corporations Act 2011	42,216	25,979
(b) Non-audit services		
Related entities of BDO (WA) Pty Ltd		
Taxation advice	29,694	-
	71,910	25,979

Notes to the Consolidated Financial Statements

18. CONTINGENCIES

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

19. COMMITMENTS

(a) Exploration commitments

All of the Company's tenements are situated in the states of Western Australia and South Australia.

In order to maintain an interest in the mining and exploration tenements in which the Company is involved, the Company is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture agreements. The timing and amount of exploration expenditure commitments and obligations of the Company are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. These obligations are not provided for in the financial report and are payable.

Outstanding exploration commitments are as follows (no estimate has been given of expenditure commitments beyond 12 months as this is dependent on the directors' ongoing assessment of operations and, in certain circumstances, Native Title negotiations):

	2012 \$	2011 \$
Within one year	851,000	1,400,000
(b) Capital commitments		
Within one year	1,536,373	-
(c) Lease commitments: Company as lessee		
Within one year	445,198	-
Later than one year but not later than five years	360,162	-
Later than five years	881,413	-
	1,686,773	-

20. RELATED PARTY TRANSACTIONS

During the year, Iron Road Limited paid \$106,300 (excluding GST) to GDA Corporate Pty Ltd for accounting and administrative services. Mr Graham Anderson is a Director of GDA Corporate Pty Ltd. (2011: \$37,332). All payments were on normal commercial terms. There was \$nil outstanding as at 30 June 2012.

There were no other related party transactions during the year ended 30 June 2012.

Notes to the Consolidated Financial Statements

21. INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Equity Holding		Cost of Parent Entity's Investment	
	2012 %	2011 %	2012 \$	2011 \$
Parent Entity				
Iron Road Limited				
Controlled Entities				
Eyre Properties Pty Ltd	100	100	10	10
IRD (Central Eyre) Pty Ltd	100	-	100	-
IRD (Windarling) Pty Ltd	100	-	100	-
IRD (Gawler) Pty Ltd	100	-	100	-
IRD (Port) Pty Ltd	100	-	100	-
IRD (Desalination) Pty Ltd	100	-	100	-
IRD (Admin) Pty Ltd	100	-	100	-
IRD (Railway) Pty Ltd	100	-	100	-

Eyre Properties Pty Ltd was incorporated on 24 December 2010.

IRD Central Eyre, Windarling, Gawler, Port, Desalination, Admin and Railway were all incorporated on 14 December 2011.

Iron Road Limited and all of its subsidiaries are located and incorporated in Australia.

22. EVENTS OCCURRING AFTER THE REPORTING DATE

On 2 August 2012, the Group announced a fully underwritten 31-for-40 accelerated non-renounceable entitlement offer of new Iron Road shares at an offer price of \$0.32 per new share to raise approximately \$40 million.

Apart from the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

23. RECONCILIATION OF NET LOSS AFTER INCOME TAX

	2012 \$	2011 (Restated*) \$
Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	(2,542,228)	(1,042,222)
Non cash items		
Share based payments	474,328	(2,214)
Formation costs	200	200
Exploration costs written off	691,489	390,341
Depreciation	67,033	26,328
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(218,523)	151,697
(Decrease)/increase in trade and other payables	(1,128,917)	(526,129)
(Decrease)/increase in other provisions	100,000	-
Net cash outflow from operating activities	(2,556,618)	(1,001,999)

* Refer to Note 3 for further details.

Notes to the Consolidated Financial Statements

24. LOSS PER SHARE

	2012 \$	2011 (Restated*) \$
(a) Reconciliation of loss used in calculating loss per share		
Loss attributable to the members of the Group used in calculating basic and diluted loss per share	(2,542,228)	(1,042,222)
Basic loss per share	(1.80)	(1.03)
Diluted loss per share	(1.80)	(1.03)

* Refer to Note 3 for further details.

(b) Weighted average number of shares used as the denominator

	Number of shares	
	2012	2011
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	140,980,038	101,268,453

(c) Information on the classification of options

As the Company has made a loss for the year ended 30 June 2012, all options on issue are considered anti dilutive and have not been included in the calculation of diluted loss per share. These options could potentially dilute basic loss per share in the future.

Notes to the Consolidated Financial Statements

25. SHARE BASED PAYMENTS

The establishment of Iron Road Limited's Employee Option Plan was approved by shareholders at the General Meeting on 25 July 2011. The Employee Option Plan is designed to provide long-term incentives for senior managers and above (including executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. 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.

500,000 options issued under the plan during the year vested immediately. The other 300,000 options have performance-related vesting conditions, with vesting conditions of the first tranche vesting during the year.

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

30 June 2012

Grant Date	Expiry Date	Exercise Price	Granted During the Year	Vesting Date	Fair Value at Grant Date of Options	Share Price on Grant Date	Expected Volatility	Option Life	Expected Dividends	Risk-free Interest Rate
Director Options										
25/07/11	25/07/16	\$1.00	500,000	25/07/11	352,450	\$0.93	-	5 years	-	4.75%
Employee Options										
24/08/11	24/08/16	\$1.00	100,000	12/12/11	59,090	\$0.85	100%	5 years	-	4.75%
24/08/11	24/08/16	\$1.25	100,000	30/06/13	56,679	\$0.85	100%	5 years	-	4.75%
24/08/11	24/08/16	\$1.50	100,000	30/06/13	54,609	\$0.85	100%	5 years	-	4.75%

30 June 2011

Grant Date	Expiry Date	Exercise Price and	Balance at 1 July 2011	Granted During the Year	Exercised During the Year	Forfeited During the Year	Balance at 30 June 2012	Vested Exercisable at 30 June 2012
25/07/11	25/07/16	\$1.00	-	500,000	-	-	500,000	500,000
24/08/11	24/08/16	\$1.00	-	100,000	-	-	100,000	100,000
24/08/11	24/08/16	\$1.25	-	100,000	-	-	100,000	-
24/08/11	24/08/16	\$1.50	-	100,000	-	-	100,000	-
			-	800,000	-	-	800,000	600,000

There were no options issued during the reporting period ended 30 June 2011.

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	2012 \$	2011 \$
Options issued to directors and employees as part of:		
Share based payments	474,328	(2,214)

The weighted average exercise price of the options held at the end of the year is 30.81 cents (2011 – 28.62 cents).

The weighted average remaining contractual life of share options outstanding at the end of the year is 0.98 years (2011 – 3.70 years).

Notes to the Consolidated Financial Statements

26. IRON ROAD LIMITED PARENT COMPANY INFORMATION

	Company	
	2012	2011
	\$	(Restated*) \$
ASSETS		
Current assets	8,537,536	686,882
Non-current assets	48,235,472	25,058,396
TOTAL ASSETS	56,773,008	25,745,278
LIABILITIES		
Current liabilities	2,828,496	3,253,936
TOTAL LIABILITIES	2,828,496	3,253,936
EQUITY		
Contributed equity	60,659,503	27,141,875
Accumulated losses	(11,488,118)	(8,949,332)
Reserves	4,773,127	4,298,799
TOTAL EQUITY	53,944,512	22,491,342
FINANCIAL PERFORMANCE		
Loss for the year	(2,538,786)	(1,042,222)
Other comprehensive income	-	-
Total comprehensive loss	(2,538,786)	(1,042,222)

CONTINGENT LIABILITIES

As at 30 June 2012 and 2011, the Company had no contingent liabilities.

CONTRACTUAL COMMITMENTS

As at 30 June 2012 and 2011, the Company had no contractual commitments other than those disclosed in Note 19.

GUARANTEES ENTERED INTO BY PARENT ENTITY

As at 30 June 2012, the Company has not provided any financial guarantees.

* Refer to Note 3 for further details.

Directors' Declaration

Directors' Declaration

The Directors of the Group declare that:

1. The consolidated financial statements, comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity 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 2012 and of the performance for the year ended on that date.
2. In the Director's opinion, there are reasonable grounds to believe that the Company 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 2012, comply with section 300A of the Corporations Act 2001.
4. The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.
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).

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Andrew J Stocks
Managing Director
26 September 2012

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRON ROAD LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Iron Road Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Independent Auditor's Report

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Iron Road Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Iron Road Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. 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.

Opinion

In our opinion, the Remuneration Report of Iron Road Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO



Phillip Murdoch

Director

Perth, Western Australia

DATED THIS 26TH DAY OF SEPTEMBER 2012

ASX Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 27 September 2012.

(a) Distribution of equity securities

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

	No. of holders
1 – 1,000	224
1,001 – 5,000	493
5,001 – 10,000	301
10,001 – 100,000	680
100,001 and over	140
	1,838

(b) Twenty largest shareholders

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

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	SENTIENT EXECUTIVE GP IV LTD	108,924,500	38.07%
2	SENTIENT EXECUTIVE GP II LTD	27,131,005	9.48%
3	SENTIENT GLOBAL RESOURCES FUND	17,963,973	6.28%
4	HSBC CUSTODY NOMINEES	14,952,173	5.23%
5	NATIONAL NOMINEES LIMITED	11,933,276	4.17%
6	SENTIENT EXECUTIVE GP III LTD	11,558,593	4.04%
7	GOTHIC CORPORATION	5,352,367	1.87%
8	DEVIPO PTY LTD	5,151,203	1.80%
9	UBS WEALTH MANAGEMENT	2,893,409	1.01%
10	KEEGAN MATTHEW JOSEPH	2,200,000	0.77%
11	STONECOT PTY LIMITED	2,005,000	0.70%
12	THE DUKE ENDOWMENT	1,891,820	0.66%
13	JP MORGAN NOMINEES AUSTRALIA	1,787,115	0.62%
14	CEDAROSE PTY LTD	1,628,968	0.57%
15	STOCKS CLAIRE MARGARET	1,442,657	0.50%
16	STOCKS ANDREW JAMES	1,442,656	0.50%
17	ANDERSON GRAHAM DOUGLAS	1,350,000	0.47%
18	SEISUN CAP PL	1,331,250	0.47%
19	ANDERSON C M + S M	1,250,000	0.44%
20	PAUL GEOFFREY JOHN	860,000	0.30%
		223,049,965	77.95%

ASX Additional Information

(c) Substantial shareholder

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

	No. of holders
Sentient Executive GP II, Limited	165,578,071

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning
South Australia		
- Warrambo	EL4849	100%
- Gawler	EL4014	90% Iron Ore rights earned
Western Australia		
- Windarling	EL77/1236	100%
	EL77/1237	100%
	EL77/1245	100%
	PL77/3508	Elected to purchase 100%

Glossary

GLOSSARY

Aeromag survey

Short for aeromagnetic survey, an aeromag survey is a common type of geophysical method carried out using a magnetometer aboard or towed behind an aircraft. The aircraft typically flies in a grid like pattern with height and line spacing determining the resolution of the data. As the aircraft flies, the magnetometer records tiny variations in the intensity of the ambient magnetic field and spatial variations in the Earth's magnetic field. By subtracting the solar and regional effects, the resulting aeromagnetic map shows the spatial distribution and relative abundance of magnetic minerals (most commonly magnetite) in the upper levels of the crust.

Comminution Circuit

Facilities which reduce rock to small pieces or particles into controlled size ranges; performed through the ore treatment process, after rock fragmentation by blasting, by selected crushing and milling machines, in combination with size classification devices.

EDS

Engineering and Design Service describes the provision of skilled personnel by technical Consultants or Contractors who prepare and deliver reports, reviews or drawings which contribute to Feasibility Studies, Approval Submissions, Cost Estimates or Facility Configurations.

Hematite

Hematite is a mineral, coloured black to steel or silver-gray, brown to reddish brown or red. Hematite is a form of Iron (III) oxide (Fe_2O_3), one of several iron oxides.

Magnetite

Magnetite is a form of iron ore, one of several iron oxides and a ferrimagnetic mineral with chemical formula Fe_3O_4 and a member of the spinel group. It is metallic or dull black and a valuable source of iron ore. Magnetite is the most magnetic of all the naturally occurring minerals on Earth, and these magnetic properties allow it to be readily refined into an iron ore concentrate.

NQ2

The bit size used to produce 50.6mm diameter diamond core.



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