



2014 ANNUAL REPORT

For the year ended 30 June 2014

ABN 51 128 698 108





CORPORATE DIRECTORY

Directors

Peter Cassidy
Chairman

Andrew Stocks
Managing Director

Jerry Ellis AO
Non-Executive Director

Leigh Hall AM
Non-Executive Director

Julian Gosse
Non-Executive Director

Ian Hume
Non-Executive Director

General Manager

Larry Ingle

Chief Financial Officer

Howard Rae

Company Secretary

Graham Anderson

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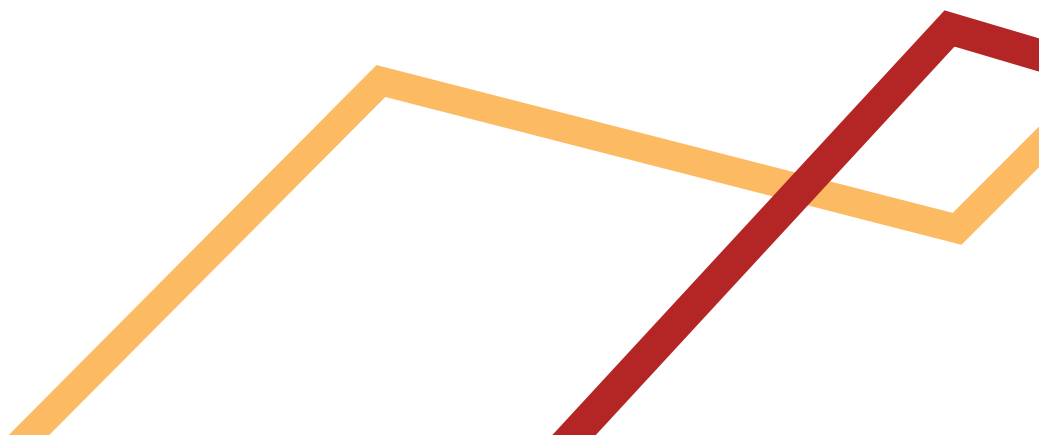
ABN 51 128 698 108

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CHAIRMAN'S LETTER

On behalf of the Board of Iron Road Limited, it is with pleasure I present to you the Annual Report for the year ended 30 June 2014.

“Our product is highly desirable given its high iron content and low levels of impurities that allows steel makers to make the same amount of steel with less power and pollution – a win-win outcome for all.”

PETER CASSIDY
CHAIRMAN

Dear Shareholder,

The year saw us finalise what is without doubt the most significant milestone in our company to date – the completion of a Definitive Feasibility Study (DFS) that clearly showed our flagship Central Eyre Iron Project (CEIP) is a technically robust and highly profitable project, which will deliver a high-grade and low impurity iron ore concentrate, providing a competitive and clean blending solution for the Asian market.

The importance of this milestone cannot be understated. Iron Road has now conclusively shown it can produce 21.5 million tonnes of high grade, low impurity concentrate each year, for 25 years and do so profitably and with strong economic returns. This is the culmination of several years' work, and over \$100 million invested into the project to date. This now firmly sets us on the path towards production at the CEIP and will inform discussions with future partners in the year ahead, as we work to complete the finance and construction plan for the CEIP.

More than just a mine, CEIP embodies a complete infrastructure solution, with a Capesize port at Cape Hardy and a heavy haul rail line to link mine to port. The infrastructure will serve more than just Iron Road's requirements and to that end the Company has signed a Memorandum of Understanding with a global grain handling organisation for both parties to jointly investigate the export of grain through the Cape Hardy facility.

The completion of the DFS also saw the company announce its first Ore Reserve, with two billion tonnes of ore (15.5% iron) at the CEIP. Importantly, the majority, some 1.8 billion tonnes, lies within the higher confidence “Proved” category, giving us great confidence in the consistency of our deposit, and ability to conform to expected mining and processing plans.

Further detail on the DFS is found within this report and I encourage you to review this achievement of our Company.

Importantly, the significance of our project has been recognised at both the State and Federal Government levels in Australia. In the State of South Australia, we were pleased for the infrastructure components of CEIP



to be declared a Major Development by the South Australian Deputy Premier, the Hon. John Rau MP in his capacity of Minister for Planning. The declaration ensures that required infrastructure approvals will occur in a co-ordinated and timely fashion across all State Government departments.

At the Commonwealth level, the Australian Government has granted Major Project Facilitation status which allows for a coordinated approach to Federal Government approval processes and a single point of contact within the Federal Government to allow for prompt resolution of issues. The CEIP is the only project in South Australia and one of only two iron ore projects nationwide to currently be awarded this status.

Our product is highly desirable given its high iron content and low levels of impurities that allows steel makers to make the same amount of steel with less power and pollution – a win-win outcome for all. Steel makers pay a premium for this very high value in use, which we expect will only increase as the countries of Asia collectively tackle both power use intensity and pollution concerns.

The DFS has confirmed our position in the lower half of the global 2018 price adjusted cost curve and further work post the DFS has cemented that view. More importantly, our project has been assessed to fall within the lowest cost quartile of all producers of high quality, low environmental impact ores that are emerging as the “must have” ores for managing pollution. Our highly competitive industry position will buffer the project from the volatility of daily market variations in the iron ore price. Consequently we believe our project will play an important role in the future supply of iron ore, despite some current negative commentary with respect to prices and supply. The Company of course has not been content to rest since the DFS completion and is continuing to work to further enhance your project. Principally this has taken the form of looking for process efficiencies, which is likely to result in an expanded production rate. We are currently modelling a scaled up production of 24 million tonnes per annum of production.

Early in the new financial year we commenced a drilling program with the objective of establishing the resource base that will support a 25+ year mine life at an annual output of 24 million tonnes per annum at the CEIP. This work will underpin mining plan optimisations that are anticipated to contribute additional efficiencies. Further improvements such as this will be pursued over the year ahead.

We have invested heavily in the development of a robust technical model under-pinning the DFS that provides the basis of the inputs into the detailed financial model. These models and the detailed data room stand us in good stead for the coming year when we expect to begin detailed discussions with potential off-take, finance and construction partners.

None of this of course would be possible without support of the communities in which we work. Iron Road has worked diligently to keep communities and wider stakeholders collectively informed of developments and our activities. I would like to acknowledge the continued time and effort made by members of the various consultative committees and reference groups that we deal with on a regular basis. All are community formed and led and meet regularly to discuss various components of the project. Stakeholder engagement is a core value to which we play close attention.

On behalf of the Iron Road Board, I'd like to again take this opportunity to thank our committed staff, partners and service providers for their contributions over the year and commend the significant achievement in delivering the DFS for our flagship project. I look forward to the decisive year ahead as we move ever closer to production.

Peter Cassidy
Chairman



MANAGING DIRECTOR'S REPORT

HIGHLIGHTS

- 1** Definitive Feasibility Study for Central Eyre Iron Project (CEIP) completed, following over \$100M of investment in project studies and drilling
- 2** Base case development model delivers nameplate EBITDA of US\$1.36B per annum, a post-tax project NPV_(12.5%) of US\$2.69B and post-tax ungeared IRR of 21% (IRR 25.6% with assumed gearing of 60%)
- 3** Capital cost estimate of US\$3.98B, including port and rail equates to a highly competitive capital intensity of US\$185 per annual tonne of iron concentrate production
- 4** CEIP declared a Major Development by South Australian State Government
- 5** CEIP granted Major Project Facilitation status by Australian Federal Government
- 6** Marketing studies indicate that high quality, low impurity CEIP concentrate will assist steel mills improve operating efficiencies and meet tightening environmental requirements

Further details are provided in the Project Snapshot table and following sections.

“We have demonstrated with a great level of detail that our world class project is an attractive investment opportunity.”

ANDREW STOCKS
MANAGING DIRECTOR

DFS KEY OUTCOMES

Capital Cost
US\$3.98B

Operating Cost (FOB) /t
US\$44.33

EBITDA (pa)
US\$1.36B

Capital Intensity
US\$185
(per Annual Tonne)

Mine Life
25+
YEARS

NPV (12.5%)
US\$2.69B
Ungeared, post-tax

Project IRR
21%
Ungeared, post-tax

MANAGING DIRECTOR'S REPORT continued

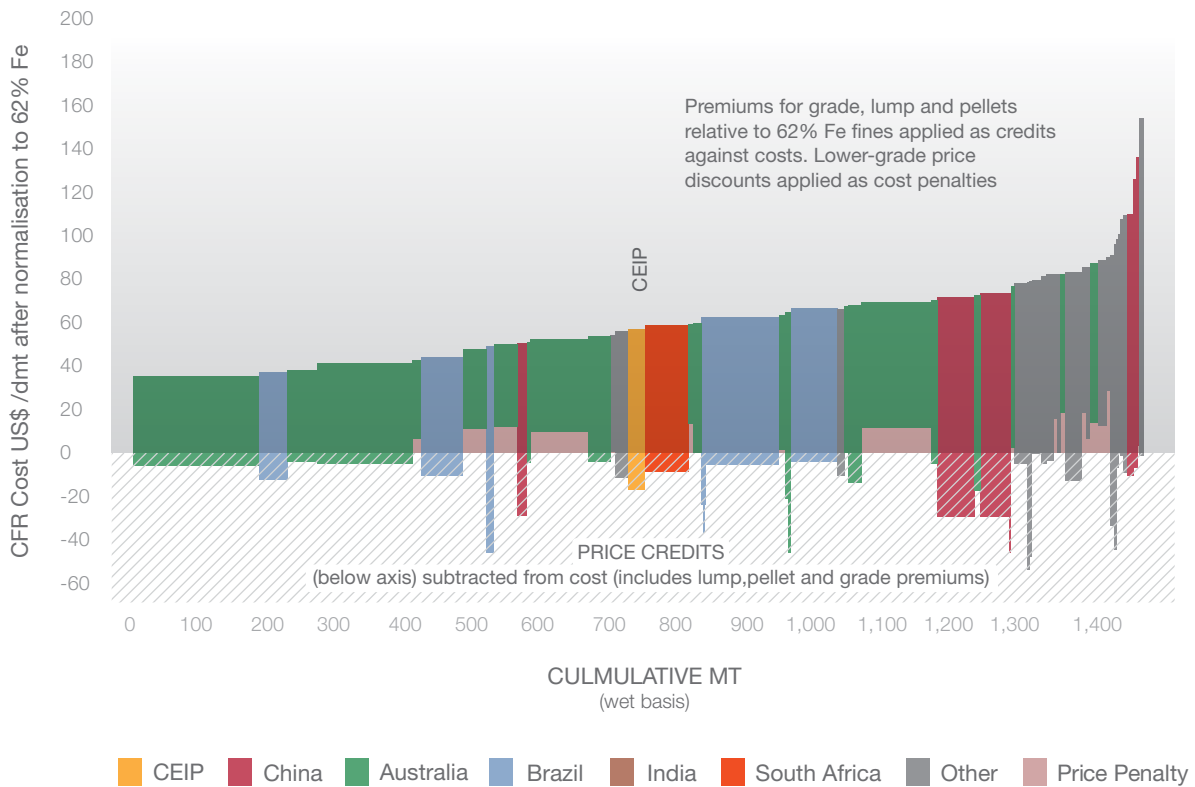
The completion of the Definitive Feasibility Study for the Central Eyre Iron Project (CEIP) is the culmination of a vision conceived in 2007 and marks a significant milestone in the life of Iron Road. We have demonstrated with a great level of detail, that our world class project is an attractive investment opportunity able to withstand price fluctuations, offering a strong rate of return and long production life.

The end result is built on the hard work and dedication by hundreds of people, with over \$100 million dollars invested in studies and exploratory drilling.

Iron Road believes that the premium quality iron concentrate we plan to produce at the CEIP has compelling qualities for steel mills, with its high quality

and low impurities. Our product unlocks substantial value in use benefits for steel mills, including reduced power usage in the steel making process and lower pollution outcomes. Most importantly it will deliver the same quality product over the entire life of the project, which we expect to be in excess of the current 25 years.

Iron Road has demonstrated that the CEIP compares favourably against the wider iron ore market. Analysis by respected market consultants presents our project within the mid-range of 2020 adjusted costs and in the lowest quartile of premium concentrate producers. These costs take into account the pricing premium higher quality products receive and the cost penalty suffered by lower quality products.



Normalised CFR Costs* of China's Forecast Iron Ore Supply in 2020

*Dollar amounts are in real 2014 terms. Costs normalised to 62% Fe equivalent by applying product price credits & penalties

CENTRAL EYRE IRON PROJECT (CEIP)

The CEIP is located on the Eyre Peninsula, South Australia. The proposed mine site at Warrambo is located 28 kilometres southeast of the regional centre of Wudinna, and the proposed port is seven kilometres south of Port Neill at Cape Hardy. The mine and the port will be linked by an infrastructure corridor containing rail, water and power.



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

Project studies undertaken for the DFS incorporate mining and ore processing, as well as rail, concentrate export facilities, water and power supply. The CEIP offers an operating life in excess of 25 years. The defined mineral resource at Warrambo contains continuous and consistent mineralisation over more than six kilometres of strike and is amenable to large scale, open pit extraction methods.

Ore treatment by conventional crushing, milling and magnetic/gravity separation is planned to deliver premium iron concentrates at a coarse size distribution. The iron concentrate is being marketed primarily as a high quality blending feedstock for sinter plants, which feeds the majority of blast furnaces internationally.

Iron Road has acquired 1,100 hectares of land at Cape Hardy for a Capesize-capable port facility as part of its integrated export solution for the CEIP iron concentrates. The deep water port is planned to have an initial capacity of 70 million tonnes per annum (Mtpa), with approximately 45Mtpa capacity potentially available to third parties. The DFS encompasses construction of a

heavy haul, standard gauge rail line between the mine and port. This rail system may in future be expanded to connect with the existing national rail network, extending port access to the greater southern Australia. The proposed port location experiences relatively benign weather with no seasonal cyclonic activity to hinder operations.

DEFINITIVE FEASIBILITY STUDY (DFS)

Details of the DFS estimate were released to the ASX on 26 February 2014. Key study outcomes and extracts from the ASX release are given below. A more detailed account of the study, mineral resource estimate and assumptions made are available in the ASX and Media announcement dated 26 February 2014, available on both the Iron Road Limited and ASX websites.



PROJECT SNAPSHOT

KEY OPERATING PARAMETERS (BASE CASE)

MINING

Ore Mined
3.57 billion tonnes
(life of mine)

Mine Stripping Ratio
1.22 (waste:ore)



INDICATIVE CONCENTRATE SPECIFICATIONS

Fe	Iron grade	>66.5%
SiO ₂	Silica	<4.0%
Al ₂ O ₃	Alumina	<2.0%
P	Phosphorous	0.005%
S	Sulphur	0.002%

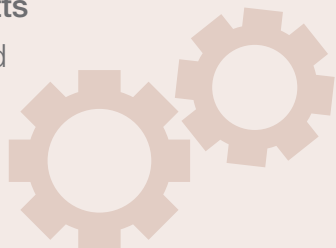


PROCESSING

Product Size
Greater than 130 microns (p80)

Power demand
260 megawatts

Water demand
14 gigalitres
per annum



STEADY STATE ANNUAL PRODUCTION

21.5 million tonnes
per annum



MINE LIFE

25 years

25



KEY FINANCIAL ASSUMPTIONS (REAL 2013 TERMS)

Capital cost estimate (incl. contingencies)

US\$3.98 BILLION

Received 67% CEIP CFR China price

US\$130.00/DMT

Pre-stripping and preparatory mining works

US\$0.48 BILLION

Capesize freight rate – Cape Hardy to North Asia

US\$17.73/DMT

Capital intensity

US\$185 PER ANNUAL TONNE

Long term AUD/USD

0.85

FOB operating cost (ex-state royalty)

US\$44.33/DMT (dry metric tonne)

Nominal post-tax discount rate

12.5%

62% Fe CFR China Index price

US\$112.00/DMT

+ standard grade differential / premium
US\$3.00/dmt per 1% Fe above 62%

+ additional CEIP high quality premium
US\$3.00/dmt

CPI

2.5% P.A.

Corporate tax rate

30%

Further information on the Mineral Resources and Ore Reserves is set out in Appendices 1 and 2.



COMPARATIVE ADVANTAGES

PREMIUM PRODUCT

- Consistent high quality iron concentrate providing a competitive and clean blending solution for steel mills
- Bulk testing has confirmed value in use benefits for steel mills
- Increasing desirability over time expected due to declining average iron ore grades alongside tightening energy and environmental requirements
- Coarse product has improved transport and handling characteristics over finer concentrates

CAPITAL BUILD

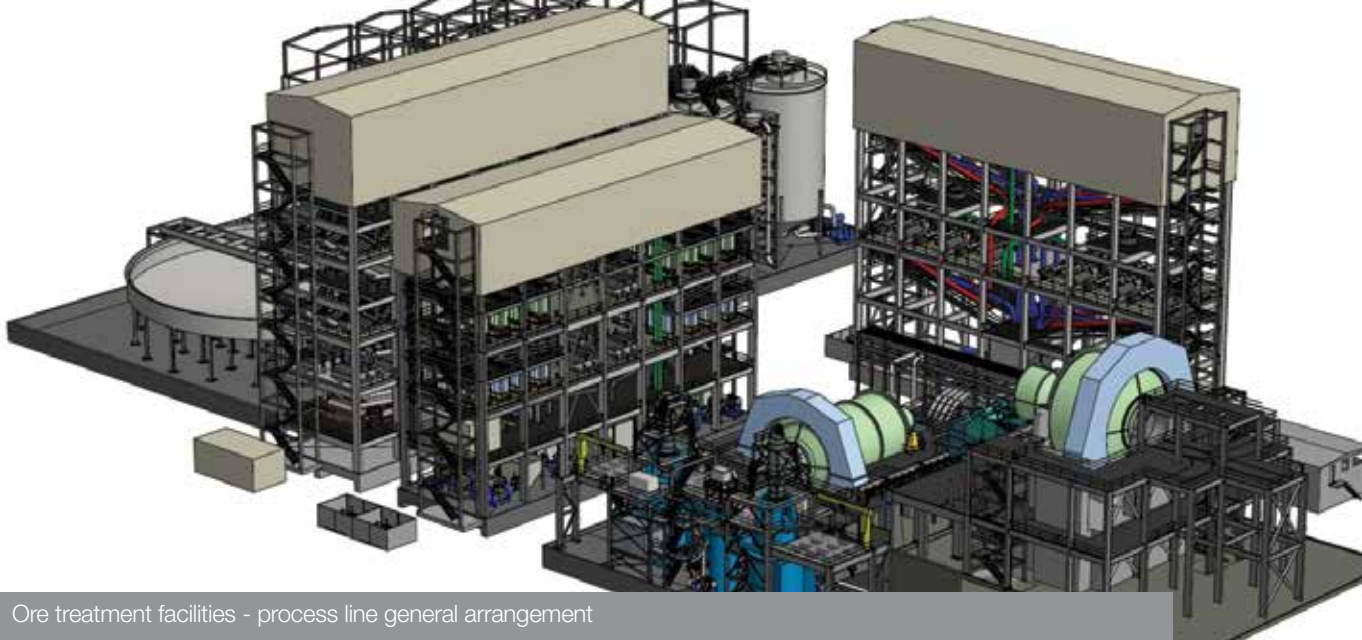
- Competitive US\$185 per annual tonne of capacity
- Effective modularisation design mitigates cost and schedule risk
- Established long mine life underpins infrastructure investment
- Potential for additional returns through third party access and mine life extensions

MARKET

- Meets requirements for wider sinter market, not only smaller pellet feed market
- Readily substitutes for Pilbara fines, Brazilian fines and high grade Chinese domestic concentrates, with lower solid fuel requirements lifting operating efficiencies
- Expected quality differential of US\$18 per tonne forecast over the long term iron ore price

OPERATIONAL METRICS

- 21.5 million tonnes of concentrate production per annum
- 500+ employees
- Forecast second quartile positioning on 2018 price adjusted CFR China cost curve - competitive with recent large-scale Pilbara developments such as FMG Solomon
- Annual gross revenues of US\$2.80 billion post ramp up
- EBITDA of US\$1.36 billion per annum post ramp up



Ore treatment facilities - process line general arrangement

DESIGN HIGHLIGHTS

SMART MODULAR DESIGN

- Processing plant design utilises high density modules
- Wet commissioning of process trains at fabrication site prior to delivery - minimises schedule and cost risk
- Based on size envelope established by laser survey of transport route
- Designed for long term outcomes, permanently embedding lower operating costs

TAILINGS HANDLING

- Filtered tailings and waste handling method reduces both water use and tailings footprint
- Reduced environmental impacts - no tailings dam
- Coarse nature of tailings mitigates handling issues or plant downtime

IN PIT CRUSHING AND CONVEYING (IPCC)

- Mine to be designed for IPCC from day one, not retrofitted
- Orebody characteristics ideally suited to IPCC
- Realises significantly improved safety outcomes
- Savings in trucking fleet, diesel use and manning
- Benefits sustained over life of mine

RAIL AND PORT DESIGN

- Standard gauge, heavy haulage rail system
- Covered wagons, with secure bottom dump system
- Shiploader capacity of 70Mtpa (at 80% utilisation) - rapid turnaround of Capesize vessels
- Provision for potential third parties in port footprint and loading capacity

PROCESSING PLANT

- Three discrete recovery trains provides high levels of plant availability and minimises operational downtime
- Gravity circuit reduces power demand
- Cost effective semi-autogenous (SAG) and ball milling circuit

FINANCIAL ANALYSIS

Financial modelling of the CEIP demonstrates an attractive IRR of 21.0% over a 25 year operating period and an NPV(12.5%) of US\$2.69 billion. The project has strong economic resilience as demonstrated in the sensitivity analysis for all key parameters (refer ASX announcement dated 26 February 2014).

Returns from the project may be enhanced by expanding production at an appropriate time, once the construction and commissioning phase has been successfully completed and operating systems and processes are well established and stable.

A leverage analysis based upon recent transactions in the Australian resources sector was conducted using a gearing ratio of 60% with parameters reflecting current market conditions. This exercise demonstrated the positive impact of gearing, lifting the IRR from 21.0% to 25.6%.

IRON ORE PRICING

Iron ore pricing for the study was established through the advice of the independent consulting firm, Metalytics Pty Ltd with long term prices for 62% iron fines CFR China being set at US\$112/dmt in real terms (2013). An additional quality premium of US\$18/dmt was established for Iron Road's >66.5% iron concentrate. Real terms Capesize freight was assessed by Metalytics at US\$17.73/dmt ex Cape Hardy to North Asia.

CAPITAL COSTS

Capital costs for the CEIP plant, facilities and infrastructure have been established at US\$3.98 billion, including a 9.4% contingency as per the table below. Pre-operating mining development costs which will be incurred through the mining contractor are estimated to add a further US\$0.48 billion before production commences. Ongoing sustaining capital expenditure and ultimately closure costs have also been included in the financial modelling.

Area	US\$B (2013)
Ore Treatment Facilities	1.07
Mine Site Facilities	0.25
Rail System	0.79
Port & Marine	0.49
Transport Infrastructure & Other Off Site Facilities	0.21
Indirects (including 9.4% contingency)	1.17
TOTAL	3.98
Pre-Operating Mine Development	0.48

CAPITAL INTENSITY

In a highly concentrated seaborne supply industry, the iron ore majors deliver brownfield production growth on the most efficient unit capital basis. However, limited opportunities exist for greenfield and even brownfield developments below US\$150 per annual tonne of capacity.

Benchmarking global projects through capital intensity measures is complicated by differences in the stage of study reached (scoping through pre-feasibility and finally to DFS). Typically, early stage cost estimation and capital expenditure tends to increase, as projects pass through more detailed study and development phases. Therefore, capital intensity comparisons are only relevant where similar levels of confidence in the project estimates have been attained.

CEIP's projected capital intensity of US\$185/t (excluding US\$22/t for pre-strip and mining preparation works) is expected to be highly industry competitive, comparing favourably with projects that are broadly representative. This includes Rio Tinto's brownfield IOC expansion (US\$213/t), Essar Steel's Minnesota project (US\$243/t), Chile's CAP projects (\$183/t weighted average) and various Russian and Chinese projects.

OPERATING COSTS

Total average FOB operating costs over the life of the project are expected to be US\$44.33/dry metric tonne (real \$2013), excluding state royalties. South Australian State Government royalties are set at 5% of the value of the minerals ex-mine gate and upon application to the Minister, a reduced rate of 2% of the value of the minerals ex-mine gate may be levied for the first five years.

Following improvements to the processing layout and the adoption of the In Pit Crushing and Conveying (IPCC) approach, energy costs across the operations have declined to now represent 30% of total costs. Other consumables used in operations comprise a further 27% of total costs.

Wages and salaries, including the mining contractor's employees, have been based on similar mining operations in South Australia and represent 15% of the total costs. Operations will continue 24 hours per day, 7 days per week and maintenance is to be carried out principally on a day work basis with 24 hour coverage for critical breakdowns. Reduced maintenance workloads in the plant area following layout improvements have delivered reductions in both labour costs and replacement spares.

OTHER KEY ASSUMPTIONS

Item	Assumption
AUD / USD FX rate	0.85
Corporate tax rate	30%
Nominal post-tax discount rate	12.5%
CPI	2.5% p.a.

DEBT AND PROJECT FINANCING

Project debt scenarios have been assessed using a gearing ratio of 60%. Financing assumptions used were based on recent transactions in the resources sector in Australia and therefore reflect current market conditions. Given that the project meets typical bank debt service cover ratios and reserve tail requirements under those assumptions, the Company expects that the project will be able to secure the necessary debt funding on suitable terms to enable successful financial closure in due course. As is to be expected, gearing to 60% increases the project IRR, lifting it from 21.0% to 25.6% for the base case with a similar uplift for other alternate scenarios.

For more detailed analysis the reader is referred to the ASX and Media announcement dated 26 February 2014 and available on both the Iron Road Limited and ASX websites.

CEIP - POST DFS ACTIVITIES

Following the completion of the DFS, Iron Road has sought to further optimise elements of the project, as well as seek independent third party critique and feedback.

A central element of the optimisation work focussed on the In-Pit Crushing and Conveying methodology, with optimisation underway to scale-up planned nameplate production to 24Mtpa (dry) delivering blended 110-130 micron (p80) concentrate grading $\geq 66.5\%$ iron and $\leq 3.5\%$ silica.

To support the potential increase in production rate, a drilling programme was initiated, Stage IX (Gap/Boo-Loo East). This drilling programme has the objective of building a 25+ year mine life at optimised annual output of 24Mtpa. This will be supported by an optimised pit shell design to refine the IPCC mine plan.

The financial modelling and assumptions used have also been subject to independent review and updated where relevant – for example, increasing production scenarios, forward exchange rates, industry expert price forecasts, and quality premiums.

Another concentrate bulk sample (1,080 kilograms) was airfreighted to China for further sintering feed evaluation at the China Iron & Steel Research Institute (CISRI) Group's *New Metallurgy Hi-Tech Group Co. Ltd.* The work is part of the Company's continuing work to understand the benefits that CEIP concentrate may bring to potential customers' operations. This work is expected to reinforce the previous very positive sintering results as determined by CISRI in early 2013 and provide additional pellet feed evaluation.

A sufficient quantity of concentrate has been reserved for prospective customers who may wish to conduct their own internal test work.

PROJECT APPROVALS

Iron Road submitted the infrastructure Development Application to the South Australian Government under section 46 of the Development Act 1993 (SA) on 16 June 2014. The application includes all infrastructure to be located outside of the proposed Mining Lease required to support the mining and export of CEIP concentrate.

CEIP was granted Major Project Facilitation (MPF) status by the Australian Federal Government. Deputy Prime Minister the Hon. Warren Truss, in his capacity of Federal Minister for Infrastructure and Regional Development granted the MPF status, after Iron Road demonstrated that the CEIP meets the eligibility criteria and is of strategic significance to Australia, with respect to economic growth, exports, employment and infrastructure development.

The MPF status, which is valid until 31 December 2016:

- Recognises at a national level that the CEIP has strategic significance to Australia;
- Allows for a coordinated approach to Federal Government and State Government approval processes;
- Provides for a single point of contact in the Federal Government to allow for prompt resolution of issues;
- Assists in identifying and accessing relevant government programmes, as appropriate; and
- Is the only project in South Australia to enjoy Federal Government MPF status.

The infrastructure components of the CEIP were declared a Major Development by the Hon. John Rau, South Australian Minister for Planning in August 2013.

The declaration includes:

- The deep sea port and export facility at Cape Hardy;
- A village to house mine operation staff adjacent to Wudinna; and
- An infrastructure corridor comprising a railway line, power transmission line, water pipeline and bore field.

Government agencies are currently considering appropriate matters to be addressed after which the Development Assessment Commission (DAC) will set the level of assessment and provide Iron Road with Guidelines. Iron Road expects the level of assessment to be an Environmental Impact Statement (EIS).

The Mining Lease itself will be subject of an application under the Mining Act, 1971.

A referral under the Environmental Protection and Biodiversity Conservation Act 1999 (Cwlth) in relation to the CEIP infrastructure has been submitted to the Department of the Environment in Canberra to determine whether the project will become a controlled action under the Act. The referral relating to the proposed mine will be submitted in the coming months.

A range of environmental impact and benefit assessments are continuing in relation to all aspects of the CEIP, including social, economic, dust, groundwater, closure and noise, with all impact assessment documents scheduled to be completed by the end of the year.

STAKEHOLDER ENGAGEMENT

The beginning of the calendar year 2013 saw the community lead CEIP Community Consultative Committee (CEIP CCC) established in relation to the proposed mine at Warrambo. An Independent Chairperson was appointed by the CEIP CCC and Terms of Reference developed. Iron Road has also been working with other community formed and led consultative groups in the region such as the Port Neill Community Reference Group and the Tumby Bay & Districts Community Reference Group.

Throughout the year, Iron Road organised and hosted various community and public events across the Eyre Peninsula, with a series of public meetings and 'open house' drop-in sessions held at Warrambo, Wudinna, Cleve, Port Neill and Tumby Bay. The purpose of these events is to advise community members and interested parties on all elements of the CEIP including the proposed mine, rail and deep sea port and to provide information on the results of the DFS. These forums were well attended and gave people numerous opportunities to ask questions of the Iron Road team and provide feedback and suggestions.

Iron Road continued to meet with other stakeholders such as District Councils, State and Commonwealth Government agencies, Whyalla 1st and the Eyre Peninsula Natural Resources Management Board.

Community feedback and input is an important component towards establishing a strong and sustainable project strategy.



GAWLER IRON PROJECT (GIP)

The GIP is located approximately 25 kilometres north of the standard gauge Trans-Australian Railway that connects to the Central Australia Railway at Tarcoola.

The project hosts mineralisation anticipated to support a small to medium scale magnetite iron ore mining operation with the potential to produce a quality magnetite concentrate using a simple beneficiation process.

During June 2012 Iron Road Limited secured 90% ownership of the iron ore rights at Gawler. Shortly afterward a scoping study was initiated to review the economic viability of potential mining and beneficiation operations. As part of this study, the Stage III drilling programme commenced during March 2013 at the Boomer prospect. This programme has provided additional samples for metallurgical test work and sufficient information to allow for resource modelling of the prospect. The work remains in progress, however it is of lower priority than the CEIP.

CORPORATE

In July 2013, Iron Road successfully concluded a fully underwritten non-renounceable entitlement offer of new Iron Road shares to raise approximately \$50.7 million (after costs). The entitlement offer provided funding to complete the CEIP Definitive Feasibility Study, as well as enabling Iron Road to continue strategic acquisitions of property to support the combined mining, processing, rail and port operations. Iron Road's smaller scale Gawler Iron Project also received a portion of the funds to establish, by means of a scoping study, the potential for shorter term production with lower capital outlay.

Post the end of the financial year, the Group appointed Mr Howard Rae to replace Mr Lex Graefe as Chief Financial Officer, following Mr Graefe's retirement. Mr Rae has comprehensive mining industry experience having served most recently as the Chief Financial Officer of Rio Tinto subsidiary Argyle Diamonds Ltd, executing a highly successful business improvement program as part of its transition to a new US\$2 billion underground operation. Prior to that, Mr Rae was the Chief Financial Officer at Aquila Resources Ltd, structuring and negotiating a number of significant corporate and project funding transactions relating to its large scale mine, rail and port developments.

The year ahead will prove pivotal in our efforts to bring on-board project partners, as we look to move toward the financing and ultimately construction stages for the project. To this end a data room has been established and management continues to meet with potential parties across the southeast Asian and Indian subcontinent regions.

I wish to thank all who have put in a significant amount of work and effort into achieving our DFS outcome and look forward to the year ahead with the anticipation that Iron Road will emerge as one of Australia's leading iron ore producers.



Andrew Stocks
Managing Director



APPENDIX 1

GLOBAL MINERAL RESOURCE AND ORE RESERVES STATEMENT

CEIP Global Mineral Resource							
Location	Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Murphy South/Rob Roy	Measured	2,222	15.69	53.70	12.84	0.08	4.5
	Indicated	474	15.6	53.7	12.8	0.08	4.5
	Inferred	667	16	53	12	0.08	4
Boo-Loo	Inferred	328	17	52	12	0.09	2.1
Total		3,691	16	53	12	0.08	4.3

This information was first disclosed under JORC 2004. It has not been updated since to comply with JORC 2012 on the basis that the information has not materially changed since it was last reported and there have not been any material changes from the previous twelve months.

CEIP Ore Reserve							
Location	Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Murphy South/Rob Roy	Proved	1,871	15.6	53.9	12.8	0.08	4.5
	Probable	200	15.1	58.5	13.8	0.08	5.6
Total		2,071	15.5	54.3	12.9	0.08	4.6

IRD identified a conceptual exploration target of 2.4 to 5.5 Billion tonnes of magnetite gneiss in the range of 14% to 20% iron*. This is in addition to the existing mineral resource estimate of 3.7 Billion tonnes at 16% iron.

* The potential quantity and grade is conventional in nature since there is insufficient work completed to define the prospects as anything beyond an exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo East and the Gap targets. There have not been any material changes in Iron Road Limited's mineral resources from the previous year.

GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

The Group has ensured that the ore reserves and mineral resources estimates quoted are subject to governance arrangements and internal controls. The mineral resource estimate is audited by an external peer review. The ore reserve estimate was produced by an external service provider and was subject to the provider's internal auditing system. The ore reserve and mineral resource estimate were signed off by competent persons independent of Iron Road Limited.

Ore reserve and mineral resources have been reported as a combination of JORC 2012 and 2004 compliant estimations. The ore reserve estimate was reported to JORC 2012 standard and identified in the ASX release dated 26 February 2014. This release contains JORC Table 1 through 4 and details the assumptions and methodology for the mineral resource estimation and the parameters and assumptions used for the preparation of the ore reserve estimation. The ore reserve is wholly contained within the measured and indicated mineral resource categories.

The mineral resource estimate was reported compliant with the JORC 2004 standard in the ASX release 28 May 2013. This release contains the competent persons authorisation and qualifying notes. It is envisaged that the mineral resource estimate will be upgraded to JORC 2012 when a material change occurs.

APPENDIX 2

COMPETENT PERSONS STATEMENT

The information in this report that relates to the Exploration Target within EL4849 is based on and fairly represents information and supporting documentation compiled by Mr Milo Res, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Res has sufficient experience that is relevant to the style of mineralisation and the type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Res at the release date of the Exploration Target was a full time employee of Iron Road Limited and consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Mineral Resources estimated for the Boo-Loo prospect is based on and fairly represents information and supporting documentation compiled by Mr Ian MacFarlane, who is a Fellow of the Australasian Institute of Mining and Metallurgy and at the release date of the Mineral Resource statement was a full time employee of Coffey Mining. 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 Mineral Resources estimated for the Murphy South / Rob Roy (MSRR) prospect is based on and fairly represents information and supporting documentation compiled by Ms Heather Pearce, who is a member of the Australasian Institute of Mining and Metallurgy, and at the time of issue was a full time employee of Iron Road Limited. This estimation was peer reviewed by Dr Isobel Clark, who is a Fellow of the Australasian Institute of Mining and Metallurgy and at the release date of the Resource Statement was contracted by Xstract Mining Consultants. Dr Clark has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which she 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”. Dr Clark consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Mine Reserves estimated for Murphy South / Rob Roy (MSRR) is based on and fairly represents information and supporting documentation compiled by Mr Harry Warries, a Fellow of the Australasian Institute of Mining and Metallurgy, and at the release date of the Reserve Statement was a full time employee of Coffey Mining. Mr Warries has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Warries consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

Your directors present 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 2014.

DIRECTORS

The following persons were directors of Iron Road Limited during the financial year and until the date of this report:

Mr Peter Cassidy
Mr Andrew Stocks
Mr Jerry Ellis AO
Mr Leigh Hall AM
Mr Julian Gosse
Mr Ian Hume



Peter Cassidy

Chairman

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

Mr Cassidy holds a degree in geology and a first class honours degree in chemistry from the University of Tasmania and a PhD in coal science from Monash University.

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



Andrew Stocks

Managing Director

Mr Stocks is a Mining Engineer with over 25 years' experience in the resources sector, primarily in mining operations and corporate roles. He has been particularly active in the areas of business optimisation, cost and production efficiency improvements, project evaluation and development of mining projects in Australia and overseas.

Mr Stocks has led Iron Road as Managing Director from its inception, in 2008. Since then, Mr Stocks has overseen tremendous growth through to the delivery of a \$100 million Definitive Feasibility Study which confirmed the commercial viability of the CEIP and has positioned Iron Road in its current development-ready phase.

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

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



Jerry Ellis AO

Non-executive Director

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

Mr Ellis is Chairman of Alzheimers Australia (NSW), 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 three years immediately before the end of the financial year, Mr Ellis served as a director of the following companies:

- Landcare Australia
- MBD Energy Limited*
- Alzheimers Australia (NSW)*
- Earth Resources Development Council
- Pacific Road Corporate Finance Pty Limited
- Australia and New Zealand Banking Group Limited

* denotes current directorships



Leigh Hall AM

Non-executive Director

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

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

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

- Funds SA*
- Enirgi Group Corp*
- Compliance Committee, Lazard Asset Management Pacific* (Chairman)
- Policy & Compliant Committees, Gresham Private Equity Co-investment Fund* (Member)

* denotes current directorships



Julian Gosse
Non-executive Director

Mr Gosse has served as a Professional Director for the last 20 years on various Public Listed Company Boards. Prior to this he was involved in the Stockbroking, Merchant Banking and Venture Capital Industries.

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

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

* denotes current directorships



Ian Hume
Non-executive Director

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

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

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

- Golden Minerals Company*
- Norsemont Mining Inc.
- Silver City Minerals Limited*
- Marengo Mining Limited*
- African Energy Resources Limited*

* denotes current directorships

COMPANY SECRETARY



Graham Anderson

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.

Mr Anderson is currently the Chairman of Kangaroo Resources Limited, Oakajee Corporation Limited and Gulf Minerals Corporation Limited

In the three years immediately before the end of the financial year, Graham Anderson served as a director of the following companies:

- APA Financial Services*
- Pegasus Metals Limited*
- Mako Hydrocarbons Limited*
- Echo Resources Limited
- Tangiers Petroleum Limited

* denotes current directorships

KEY MANAGEMENT PERSONNEL

The following persons were key management personnel of Iron Road Limited during the financial year.

Mr Larry Ingle

Mr Lex Graefe – retired 30 June 2014



Larry Ingle
General Manager

Mr Ingle is a geologist, having graduated with a BSc (Hons) and MSc in geology from the University of the Witwatersrand, Johannesburg, and a MBA from the Graduate School of Business, Curtin University of Technology, Perth.

Mr Ingle has over 25 years' experience in the resources industry in southern Africa and Australia, encompassing mining, tunnelling, exploration, project development and business improvement. He has held senior positions with various global companies such as LHPC (JV), Barrick Gold Corporation and Rio Tinto.



Lex Graefe
Chief Financial Officer, retired 30 June 2014

Mr Graefe has over 30 years of extensive management and commercial experience in the mining industry in Australia, Africa and Asia. This 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 22 years until 2004, where he was the President Director of Rio Tinto Indonesia following a term as General Manager Finance with Rio Tinto India and some 16 years with Rio Tinto's iron ore subsidiary Hamersley Iron.



Howard Rae
Chief Financial Officer, appointed 14 July 2014

Subsequent to the end of the financial year Mr Howard Rae was appointed to the position of Chief Financial Officer.

Mr Rae is a Chartered Accountant with more than 20 years' experience across the resources industry in Australia, Asia and Africa and has expertise in the areas of commercial management, corporate business development, project evaluation and debt and equity financing.

He has previously held the role of Chief Financial Officer with Argyle Diamonds Limited, executing a highly successful operational improvement program as part of its transition to a new US \$2 billion underground mine and also with Aquila Resources Limited, structuring and negotiating a number of significant funding transactions relating to the development of its US\$7 billion West Pilbara mine, rail and port facilities.

1. Principal activity

The principal activity of the Group during the year was the exploration and evaluation of the Groups' iron ore mineral interests at both the Central Eyre Iron Project (CEIP) and the Gawler Iron Project (GIP).

A significant milestone was achieved during the year with the completion of the CEIP Definitive Feasibility Study (DFS), confirming the technical and financial viability of developing a new integrated mining, rail and port operation on the Central Eyre Peninsula in South Australia. The construction of the CEIP will require an investment of US\$4 billion to produce up to 24Mtpa of premium high grade iron ore concentrate for export.

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
Peter Cassidy	7,568,686	-
Andrew Stocks	2,915,938	-
Jerry Ellis	284,000	500,000
Leigh Hall	400,000	-
Julian Gosse	591,000	2,500,000
Ian Hume	5,151,203	-

3. Dividends

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

4. Operating and financial review

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Operating and Financial Review on page 36 of this annual report.

5. Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

Contributed equity increased by \$51,569,891 to \$151,676,845 on successful completion of a fully underwritten entitlement offer announced on 13 June 2013 and completed in July 2013.

As a result of this entitlement offer, 290,968,452 fully paid ordinary shares were issued by Iron Road Limited, increasing the total number of fully paid ordinary shares on issue to 581,936,904.

The net cash received from the increase in contributed equity has been used principally to fund the completion of the CEIP DFS and to continue to progress government approvals.

6. Matters subsequent to the end of financial year

During July 2014, the Department for State Development of South Australia approved the Exploration Work Approval (EWA) application for Iron Road Limited to drill a further 15 holes at the CEIP. The objective of the stage IX drilling program is to build a 25+ year mine life with annual output of 24Mtpa and to initiate an optimised pit shell design to refine the in-pit crushing and conveying mine plan.

Drilling activities commenced on 27 July 2014 and are expected to continue through to October 2014.

No other matters or circumstances have arisen since 30 June 2014 that has significantly affected the Groups operations, results or state of affairs.

7. Likely developments on expected results

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

8. Environmental regulation and performance

The Groups' operations are subject to environmental regulation in respect to mineral tenements relating to exploration activities on those tenements. No breaches of any environmental requirements were recorded during the financial year. The Group has reviewed its energy consumption and greenhouse gas emissions for the reporting year, with both found to be below the reporting threshold as specified within *the Energy Efficiency Opportunities Act 2006* (EEO) and the *National Greenhouse and Energy Reporting Act 2007* (NGER). The Group notes that the EEO legislation, together with most elements of the Clean Energy Legislative Package, is likely to be repealed by the incumbent government, however the Group remains committed to reducing the energy and greenhouse gas footprint of its operations through the implementation of appropriate design improvements and technologies wherever this is determined to be feasible.

9. Remuneration report

The remuneration report sets out remuneration information for Iron Road Limited's Directors and Key Management Personnel.

This report contains the following sections:

- A. Directors and key management personnel disclosed in this report
- B. Principles used to determine the nature and amount of remuneration
- C. Use of Remuneration consultants
- D. Details of remuneration
- E. Service agreements
- F. Share-based compensation
- G. Additional information

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

A Directors and key management personnel disclosed in this report

Non-executive and executive directors

Peter Cassidy
Andrew Stocks
Jerry Ellis AO
Leigh Hall AM
Julian Gosse
Ian Hume

Other key management personnel

Name	Position
Larry Ingle	General Manager
Lex Graefe	Chief Financial Officer, retired on 30 June 2014
Howard Rae	Chief Financial Officer, appointed on 14 July 2014

B Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Iron Road Limited has been designed to align individual objectives with those of the business and its shareholders, by providing a fixed remuneration component and offering specific long-term incentives where deemed appropriate. The Board of Iron Road Limited believes the remuneration policy is appropriate and effective in its ability to attract and retain high calibre executives and directors to manage the Group and execute its strategy.

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 directors and other senior executives, was developed by the Board. All executives (with the exception of the former Chief Financial Officer who was on a daily rate) receive a base salary (which is determined by factors such as role responsibilities and experience) and superannuation. The Board reviews executive packages annually by reference to individual performance and comparable information from industry sectors and other listed companies in similar industries.

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.

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

The Board's policy is to remunerate non-executive directors at market rates for comparable companies on the basis of their time commitment and respective 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 \$400,000 which was approved through the general meeting of shareholders held on 23 November 2012. 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.

Long term incentives

The remuneration policy has been tailored to align the long term objectives between the Group, its directors and executives by encouraging sustained exceptional performance in the realisation of the Groups' growth strategy and the enhancement of shareholder value. To date, this has been facilitated through the issue of share options which may be granted for no consideration, but contain performance related vesting conditions (share price) or milestone related vesting conditions (completion of the DFS) which must be satisfied within defined timeframes in order for the options to be exercised. Once vested, the options must be exercised prior to their expiry date. Options are granted under the plan for no consideration and there are no participating rights or entitlements inherent in the options. No share options were granted during the year.

The Board continues to consider new long term incentive schemes as part of its review of the Group's remuneration policies for the coming year.

For details of directors and executives interests in options at year end, refer to section D of the Remuneration Report.

Share trading policy

The trading of shares held by directors and employees is subject to and conditional upon compliance with the Groups' employee share trading policy. Directors and employees are prohibited from entering into any hedging arrangements over unvested options under the company's employee option plan. The Group would consider a breach of this policy as gross misconduct which may lead to disciplinary action.

Voting and comments made at the Group's 2013 Annual General Meeting

Iron Road Limited received more than 99% of "yes" votes on its remuneration report for the 2013 financial year. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

C Use of remuneration consultants

The Board seeks independent advice on remuneration matters for the key management personnel and non-executive directors. Such advisors are appointed and directly engaged by the Chairman.

During the year the board engaged CRHR Consulting, a strategic human resources advisory business, to provide advice on market remuneration rates for key management personnel. Under this engagement CRHR Consulting provided remuneration recommendations as defined in section 9B of the *Corporations Act 2001* and was paid \$5,000 for these services. CRHR Consulting has confirmed that the above recommendations have been made free from undue influence by members of the Groups key management personnel.

The following arrangements were made to ensure that the remuneration recommendations were free from undue influence:

- CRHR Consulting was engaged by and reported directly to the Chairman.
- The report containing the remuneration recommendations was provided by CRHR Consulting directly to the Chairman.
- CRHR Consulting was permitted to speak to management throughout the engagement to understand processes, practices and other business issues and obtain management perspectives. However, CRHR Consulting was not permitted to provide any member of management with a copy of their draft or final report that contained remuneration recommendations.

As a consequence, the Board is satisfied that the recommendations were made free from undue influence from any member of the key management personnel to whom the recommendations related and that all decisions were made by the Board.

D Details of remuneration

The following tables show details of the remuneration received by the directors and the key management personnel of the Group for the current and previous financial year. There are no other executives who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

a) Key management personnel compensation

	Short term employee benefits			Post employment benefits	Long term benefits*	Share based payments	Total
	Cash salary and fees	Non-monetary benefits	Allowances	Superannuation	Annual & long service leave	Options	
2014	\$	\$	\$	\$	\$	\$	\$
Directors							
Peter Cassidy	54,500	-	-	-	-	-	54,500
Andrew Stocks	415,908	-	-	25,000	77,769	-	518,677
Jerry Ellis	50,000	-	-	4,625	-	-	54,625
Leigh Hall	50,000	-	-	4,625	-	-	54,625
Julian Gosse	50,000	-	-	-	-	-	50,000
Ian Hume	50,000	-	-	4,625	-	-	54,625
Other key management personnel							
Larry Ingle	320,233	35,576	-	24,540	25,897	-	406,246
Lex Graefe (retired effective 30 June 2014)	234,373	-	-	21,664	-	-	256,037
Total compensation	1,225,014	35,576	-	85,079	103,666	-	1,449,335

*Long term benefits represent a non-cash movement in annual leave and long service leave during the year.

	Short term employee benefits			Post employment benefits	Long term benefits	Share based payments	Total
	Cash salary and fees	Non-monetary benefits	Allowances	Superannuation	Long service leave	Options**	
2013	\$	\$	\$	\$	\$	\$	\$
Directors							
Peter Cassidy (appointed 11 October 2012)	39,494	-	-	-	-	-	39,494
Andrew Stocks	290,000	-	-	26,100	60,812	(74,683)	302,229
Jerry Ellis	50,000	-	-	4,500	-	-	54,500
Leigh Hall (appointed 31 October 2012)	33,333	-	-	3,000	-	-	36,333
Julian Gosse	50,000	-	-	-	-	-	50,000
Ian Hume	50,000	-	-	4,500	-	-	54,500
Matthew Keegan (ceased to be a director 11 October 2012)	19,444	-	-	1,750	-	-	21,194
Other key management personnel							
Larry Ingle*	290,000	39,520	48,333	26,100	42,955	-	446,908
Lex Graefe	320,067	-	-	25,657	-	-	345,724
	1,142,338	39,520	48,333	91,607	103,767	(74,683)	1,350,882

*In accordance with Iron Road Limited's policy on employee relocation, Mr Ingle was paid an allowance for his relocation from Perth to Adelaide in August 2012.

**Remuneration in the form of options includes negative amounts for unvested options that expired during the year.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed remuneration		At risk - LTI	
	2014	2013	2014	2013
Directors				
Peter Cassidy (appointed 11 October 2012)	100%	100%	-	-
Andrew Stocks	100%	100%	-	-
Jerry Ellis	100%	100%	-	-
Leigh Hall (appointed 31 October 2012)	100%	100%	-	-
Julian Gosse	100%	100%	-	-
Ian Hume	100%	100%	-	-
Matthew Keegan (ceased to be a director 11 October 2012)	-	100%	-	-
Other key management personnel				
Larry Ingle	100%	100%	-	-
Lex Graefe (retired effective 30 June 2014)	100%	100%	-	-

There were no cash bonuses awarded to directors or key management personnel during the year.

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:

2014	Balance at the start of period	Granted as compensation	Exercised	Expired	Balance at the end of year	Vested and exercisable	Unvested
Directors of Iron Road Limited							
Jeremy Ellis	500,000	-	-	-	500,000	500,000	-
Julian Gosse	2,500,000	-	-	-	2,500,000	2,500,000	-
Other key management personnel of the Group							
Larry Ingle	3,000,000	-	-	(3,000,000)	-	-	-

2013	Balance at the start of period	Granted as compensation	Exercised	Expired	Balance at the end of year	Vested and exercisable	Unvested
Directors of Iron Road Limited							
Andrew Stocks	9,420,000	-	-	(9,420,000)	-	-	-
Jeremy Ellis	500,000	-	-	-	500,000	500,000	-
Julian Gosse	2,500,000	-	-	-	2,500,000	2,500,000	-
Matthew Keegan	3,780,000	-	(1,400,036)	(2,379,964)	-	-	-
Other key management personnel of the Group							
Larry Ingle	3,000,000	-	-	-	3,000,000	3,000,000	-
Lex Graefe	-	-	-	-	-	-	-

c) Share holdings

The numbers of shares in the Group 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.

2014	Balance at the start of period	Received during the year on exercise of options	Other changes during the year	Balance at the end of period
Directors of Iron Road Limited				
Peter Cassidy	3,784,343	-	3,784,343	7,568,686
Andrew Stocks	2,915,938	-	-	2,915,938
Jerry Ellis	142,000	-	142,000	284,000
Leigh Hall	200,000	-	200,000	400,000
Julian Gosse	591,000	-	-	591,000
Ian Hume	5,151,203	-	-	5,151,203
Other Key Management Personnel of the Group				
Larry Ingle	-	-	-	-
Lex Graefe	-	-	-	-

2013	Balance at the start of period	Received during the year on exercise of options	Other changes during the year	Balance at the end of period
Directors of Iron Road Limited				
Peter Cassidy	-	-	3,784,343	3,784,343
Andrew Stocks	2,915,938	-	-	2,915,938
Jerry Ellis	80,000	62,000	-	142,000
Leigh Hall	-	-	200,000	200,000
Julian Gosse	591,000	-	-	591,000
Ian Hume	5,151,203	-	-	5,151,203
Matthew Keegan	2,200,000	1,400,036	-	3,600,036
Other Key Management Personnel of the Group				
Larry Ingle	-	-	-	-
Lex Graefe	-	-	-	-

d) Other transactions with key management personnel

The Group leases a property in Adelaide, South Australia for use by the General Manager, Larry Ingle and the Managing Director, Andrew Stocks when visiting Adelaide. The rental obligation and utilities are paid for by Iron Road Limited, totalling \$35,576 in 2014 (2013: \$39,520) which is recognised as an expense.

E Service agreements

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

Peter Cassidy, Chairman

- A chairman's fee of \$54,500 per annum plus GST, to be reviewed annually by the board. No termination benefits are payable.

Andrew Stocks, Managing Director

- Annual base salary of \$400,000, including statutory superannuation, to be reviewed annually by the board.
- No fixed term agreement. Payment of termination benefit by the employer, other than for gross misconduct, includes any accrued leave entitlements and superannuation which does not exceed the maximum amount ascertained in accordance with the formula set out in section 200G of the *Corporations Act 2001*.

Jerry Ellis, Non-executive Director

- Director's fee of \$50,000 per annum plus statutory superannuation, to be reviewed annually by the board. No termination benefits are payable.

Leigh Hall AM, Non-executive Director

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

Julian Gosse, Non-executive Director

- Director's fee of \$50,000 per annum plus GST, to be reviewed annually by the board. No termination benefits are payable.

Ian Hume, Non-executive Director

- Director's fee of \$50,000 per annum plus statutory superannuation, to be reviewed annually by the board. No termination benefits are payable.

Larry Ingle, General Manager

- Annual base salary of \$335,400 including statutory superannuation, to be reviewed annually by the board.
- No fixed term agreement. Payment of termination benefit by the employer, other than for gross misconduct, includes any accrued leave entitlements and superannuation 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, retired 30 June 2014

- Daily rate of \$1,480 plus statutory superannuation to be reviewed annually by the board.
- No fixed term agreement, no termination benefits payable.

F Share-based compensation

Share options expired during the year are as follows:

		Share based compensation benefits (options)									
		Grant date	Vesting date	Number of options	Exercised			Expired			Expiry/exercise date
					%	\$	Number of options	%	\$	Number of options	
2014	Key Management Personnel										
	Larry Ingle	2008	2008	3,000,000	-	-	-	100	1,027,800	3,000,000	6 August 2013

There were no options issued during the year, with 3,000,000 options vested as at 30 June 2014. The assessed fair value at grant date of options awarded to individuals is allocated equally over the period from grant date to the expected vesting date and the resulting amount is included in the share based payment information in note 22. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Unissued ordinary shares of Iron Road Limited under option for directors and executives as at 30 June 2014 are as follows:

Grant Date	Expiry date	Vesting date	Exercise price	Value per option at grant date	Number under option	Vested and exercisable
23 December 2009	15 December 2014	upon grant	\$ 0.1926	\$ 0.5027	625,000	✓
23 December 2009	15 December 2014	upon grant	\$ 0.2426	\$ 0.4912	625,000	✓
23 December 2009	15 December 2014	upon grant	\$ 0.2926	\$ 0.4809	625,000	✓
23 December 2009	15 December 2014	upon grant	\$ 0.3426	\$ 0.4715	625,000	✓
25 July 2011	25 July 2016	upon grant	\$ 0.9926	\$ 0.7049	500,000	✓
					3,000,000	

Share options granted under the plan do not have dividend or voting rights and no option holder has any right under the options to participate in any other share issue of Iron Road Limited.

G Additional information

No cash bonuses have been awarded to key management personnel during the financial year. As detailed within Section F: Share-based compensation, share options may be issued from time to time to ensure a strong alignment between the long term objectives of the Group, its directors and executives by encouraging sustained exceptional performance in the realisation of the Groups' growth strategy and the enhancement of shareholder value.

The table below sets out information about the Groups' earnings and movements in shareholder wealth over the last 5 years:

	30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
	\$	\$	\$	\$	\$
Revenue	1,232,188	794,279	457,306	116,133	95,402
Loss before tax	(4,207,036)	(5,469,066)	(3,239,233)	(2,076,551)	(11,299,132)
Share price at 30 June	0.300	0.170	0.305	0.840	0.590

This is the end of the audited remuneration report.

10. Directors meetings

The number of meetings of the company's board of directors held during the year ended 30 June 2014 and the numbers of meeting attended by each director were:

Directors	Director Meetings	
	A	B
Peter Cassidy	4	4
Andrew Stocks	4	4
Jerry Ellis	2	4
Leigh Hall	4	4
Julian Gosse	3	4
Ian Hume	3	4

A = Number of meetings attended

B = Number of meetings held during the time the director held office

11. Shares under option

At the date of this report, there were 3,000,000 unissued ordinary shares of Iron Road Limited under option.

Date options granted	Expiry date	Exercise price	Number under option	Vested and exercisable
23 December 2009	15 December 2014	\$ 0.1926	625,000	✓
23 December 2009	15 December 2014	\$ 0.2426	625,000	✓
23 December 2009	15 December 2014	\$ 0.2926	625,000	✓
23 December 2009	15 December 2014	\$ 0.3426	625,000	✓
25 July 2011	25 July 2016	\$ 0.9926	500,000	✓
			3,000,000	

Share options granted under the plan do not have dividend or voting rights. No option holder has any right under the options to participate in any other share issue of Iron Road Limited.

Movement in shares under option during the reporting period:

	Number of options
Balance at the beginning of the year	6,300,000
Movement of share options during the financial year:	
Forfeiture of unlisted options at \$0.3426	(3,000,000)
Forfeiture of unlisted options at \$0.9926	(100,000)
Forfeiture of unlisted options at \$1.4926	(100,000)
Forfeiture of unlisted options at \$1.2426	(100,000)
Total number of options outstanding at 30 June 2014	3,000,000
Movement since the end of financial year	-
Total number of options as at the date of this report	3,000,000

Shares issued on exercise of options

No share options were granted to directors or any of the five highest remunerated officers of the Group during or since the end of the financial year.

12. Proceedings on behalf of the company

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

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

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

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

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

14. Non-audit services

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

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers, Australia) for audit and non-audit services provided during the year are set out in note 14.

15. Auditors 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 35.

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



Andrew Stocks
Managing Director
26 September 2014



Auditor's Independence Declaration

As lead auditor for the audit of Iron Road Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'Andrew Forman', is written over a light grey horizontal line.

Andrew Forman
Partner
PricewaterhouseCoopers

Adelaide
26 September 2014

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Operating and Financial Review

Company Strategy and Operating Activities

Iron Road Limited was established in 2008 to capitalise on the growing global demand and resulting higher prices for iron ore. The global seaborne trade in iron ore grew from 444 million tonnes in the year 2000 to 832 million tonnes in 2008 when the company was formed and has continued growing since then reaching in excess of 1,200 million tonnes in 2013. Over the same period Australian Fines Free On Board iron ore prices have increased from US\$18 per tonne in 2000 to approximately US\$95 per tonne at present. The consistently growing demand throughout Asia for low impurity, high grade magnetite products provides the opportunity for the development of a new generation of iron ore projects to satisfy demand from steel mills in the region for more efficient iron ore feedstock.

Following an initial review of regional iron ore opportunities, the company identified the opportunity for the potential development of the large magnetite-gneiss deposits situated on the Central Eyre Peninsula, now known as the Central Eyre Iron Project (CEIP) approximately 30km south east of the regional centre Wudinna.

Over the last six years, Iron Road Limited has invested over \$100 million in the exploration and evaluation of the CEIP, achieving a significant milestone during 2014 with the successful completion of its Definitive Feasibility Study (DFS).

The DFS confirms the financial and technical feasibility of developing a new generation iron ore operation that is capable of producing up to 24 million tonnes per annum, of premium, high grade iron ore concentrate for export to Asia over 25+ years, with the potential to extend the mine life as further exploration is undertaken. The CEIP will include a new 150km rail system on the Eyre Peninsula and a new cape-size port facility at Cape Hardy.

Over its expected life, the proposed project will create extensive employment and training opportunities in the region, requiring up to 2,000 employees during construction and approximately 700 personnel during operations.

Requiring a construction investment of US\$4 billion, the CEIP will deliver benefits regionally and nationally in the form of employment, new infrastructure, community investment, state royalties and federal taxation.

The on-going support of both State and Federal Governments has been of great benefit to the project, which includes:

- Major Development Status granted by the State Government in August 2013; and
- Major Project Facilitation Status granted by the Federal Government in April 2014.

This status recognises at a government level, the potential contribution of the CEIP to the state and national economies and allows for a coordinated approach to progressing regulatory approvals. The CEIP is the only project in South Australia to be currently granted such status.

Operating results for the year

The principal activities of the Group during the year were the exploration and evaluation of its iron ore interests, including completion of the Definitive Feasibility Study relating to the Central Eyre Iron Project. All activities are currently funded by equity capital raised via the Australian Securities Exchange.

As a result of these activities, the Group incurred an operating loss after income tax for the year ended 30 June 2014 of \$4,680,363 (2013: \$4,829,389). The operating result includes an impairment of \$466,839 (2013: \$1,700,787) relating to the Gawler Iron Project which is in accordance with the Groups' accounting policy to capitalise, but impair such exploration expenses until a JORC compliant resource is established.

Operating and Financial Review

Interest income of \$1,232,188 (2013: \$794,279) was generated from equity contributions being held in interest bearing deposits until required to fund activities, with the increase attributable to the successful capital raising completed in July 2013.

Changes in financial position

The Group's net assets increased by 53% during the year to \$135,433,542, primarily as a result of the capitalisation of exploration and evaluation expenditure relating to the Central Eyre Iron Project, which amounted to \$28,702,095 (2013: \$28,015,880).

Completion of the land acquisitions at the proposed port location of Cape Hardy in the current period also resulted in a 14% increase in property, plant and equipment assets held by Group, compared to the prior year end.

Liabilities were significantly reduced during the period, with an 80% decrease in trade and other payables at year end, following the completion of Definitive Feasibility Study consultant and contractor programs.

As a consequence of the above changes and the successful July 2013 capital raising, overall net working capital increased to \$20,637,935 (2013: \$3,641,250) providing the Group with substantial cash resources for optimisation and funding activities over the forthcoming year.

Risk management

Effective risk management is a critical component of the successful execution of the Groups' growth strategy. The Board monitors key risk issues and ensures that management develops plans for appropriate risk management arrangements.

Operational, financial and regulatory risks are considered and addressed by management, with specific areas of significant risk referred by management to the Board.

In order to prudently manage the Groups' risk exposures and protect shareholder interests, the Board has adopted a governance system of oversight that includes:

- a budgeting process with an annual budget, together with any periodic revisions to budgets, being reviewed and approved by the Board;
- monthly, half-yearly and annual financial reporting of operating and financial results against budgets and forecasts;
- external auditor review and audit of half-yearly and annual financial reports respectively, including consideration of the Groups' internal control and approvals environment necessary for supporting its risk profile;
- cash flow projections to enable accurate monitoring of operational progress and future activity plans against available cash resources; and
- monitoring of capital market conditions to ensure the Group has adequate plans for the sourcing of funds with which to execute its programs and activities.

The Board is responsible for ensuring that risks and opportunities are identified on a timely basis and that activities take cognisance of such factors to enable effective risk management. The Board considers that at this stage of the Groups' project development operations, it is important for all Board members to be a part of this process and as such the Board has not established a separate risk management committee.

Corporate Governance Statement

This statement provides a summary of the Groups' key corporate governance practices during the year, which unless otherwise stated, comply with the recommendations of the Australian Securities Exchange Corporate Governance Council (ASX Council).

Iron Road Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interest of shareholders. As the Groups' 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 company and its controlled entities together are referred to as the Group in this statement.

Board

The Board is responsible for the corporate governance of the Group. It is committed to ensuring that the Group adopts control systems that effectively support and promote strong corporate governance practices throughout the organisation in order to protect the interests of all stakeholders.

Directors are elected by and are accountable to the shareholders, with the primary duties of the Board being to:

- appoint and remove the Managing Director;
- assess the performance of the Managing Director and executives;
- determine the strategic direction for the Group;
- monitor the implementation of strategic plans; and
- report to shareholders.

The Board has delegated responsibility for the management of the Groups' activities to the Managing Director, who is accountable to the Board and supported by the executive management team. The Chair is responsible for the evaluation of the performance of directors, including the Managing Director and for providing information on the outcome of these processes for consideration by the Board.

An assessment of the performance of executives is conducted by the Managing Director and key recommendations on executive roles, responsibilities and remuneration are discussed with the Board.

Meetings of the directors are held throughout the year, to consider business plans, budgets, operational reports, financial performance and other matters as relevant to the Group's activities. Executives, external advisors and auditors are invited to attend Board meetings as appropriate.

Directors have the right to access all relevant information held by Group in order to effectively fulfil their responsibilities to shareholders and may also obtain independent professional advice on corporate governance matters. Provided the director obtains the approval of the Chair before incurring such expense, then the Group will pay the reasonable costs associated with procuring the advice.

Company Secretary

The Company Secretary is responsible for coordinating Board meetings, ensuring accurate minutes are recorded, advising directors and executives on corporate governance matters and liaising with the ASX.

Independence

The Board is constituted by directors with a diversity of skills and experience, particularly in the areas of mineral project development, corporate finance and business management. Contrary to ASX Council recommendations 2.1 and 2.2, a majority of the Board and the Chair are not considered independent because the Group is of the opinion that during the current stage of its operations, shareholders' interests are best served by directors with a strong interest in the achievement of the Groups' strategic objectives.

Corporate Governance Statement

The Board periodically reviews its composition to ensure that it has the appropriate blend of capabilities to effectively achieve its corporate objectives and may appoint additional independent directors in the future.

Nomination committee

The full Board undertakes the function of a nomination committee in accordance with its charter, although contrary to ASX Council recommendation 2.4, it has not established a separate nomination committee because the Group does not currently have the scale or operational complexity to benefit from the formation of a separate Board committee.

As part of conducting such functions, the Board periodically reviews its performance, together with the performance of the Managing Director in discharging the responsibilities delegated to that role, against the Groups' strategic objectives and targets contained in annual business plans.

Diversity

The Group is committed to ensuring it is able to attract and retain persons across all levels of the organisation, including its directors, with the skills and experience necessary to effectively implement its growth strategy and achieve its corporate objectives. In particular, the recently completed Definitive Feasibility Study for the proposed Central Eyre Iron Project sets out the Groups' human resources strategy to successfully achieve the future growth of the organisation.

Currently there are 11 female employees in the Group, comprising 41% of all employees, with personnel across the Group reflecting a diverse range of cultural origins. Although there are presently no female persons who are in executive or director roles, the small size of the Group enables every employee to have close day-to-day interaction with the executives and directors. As a result, the Group, through its Board and Managing Director, seeks to foster an environment in which all employees are encouraged to assume a high degree of personal accountability for contributing to corporate strategic objectives in a team focussed culture, where exceptional performance is recognised and career development is closely managed.

Contrary to ASX Council recommendations 3.2 and 3.3, there is not a formal diversity policy with measurable objectives because the size and nature of the Groups' current activities require it to identify, recruit and retain persons with very specific skills and experience in project development, regardless of gender or other diversity criteria. The Board will continue to monitor the relative merits of adopting a formal diversity policy as the Groups' size and nature of operations evolve.

Audit committee

The full Board undertakes the function of an audit committee, including inviting the external auditors to attend Board meetings when the directors are considering half-yearly and annual reports, or other related financial governance and control matters.

Contrary to ASX Council recommendation 4.1, it has not established a separate audit committee because the Group does not currently have the scale or operational complexity to benefit from the formation of a separate Board committee, although it will continue to monitor whether to do so as its operations expand in the future.

Remuneration committee

The duties ordinarily conducted by a remuneration committee are carried out by the full Board in accordance with its charter, which includes taking external advice on the prevailing market quantum and structure of comparable director, Managing Director and executive remuneration.

Contrary to ASX Council recommendation 8.1, it has not established a separate remuneration committee because the Group does not currently have the scale or operational complexity to benefit from the formation of a separate Board committee, although it will continue to monitor whether to do so as its operations expand in the future.

Consolidated Statement of Comprehensive Income

For the year ending 30 June 2014

	Note	2014 \$	2013 \$
Revenue from continuing operations	4	1,232,188	794,279
Expenses			
Depreciation	5	(280,944)	(137,059)
Employee benefits expense	5	(2,059,353)	(1,885,284)
Impairment of exploration expenses	5	(466,839)	(1,700,787)
General expenses		(400,954)	(303,343)
Professional fees		(755,083)	(798,532)
Travel and accommodation		(334,292)	(246,165)
Marketing		(409,742)	(502,381)
Rent		(467,797)	(459,968)
Administration costs		(264,220)	(229,826)
Loss before income tax		(4,207,036)	(5,469,066)
Income tax (expense)/benefit	6	(473,327)	639,677
Loss for the year		(4,680,363)	(4,829,389)
Other comprehensive loss for the year		-	-
Total comprehensive loss for the year attributable to owners of Iron Road Limited		(4,680,363)	(4,829,389)

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

		Cents	Cents
Basic loss per share (cents)	21	(0.83)	(1.82)
Diluted loss per share (cents)	21	(0.83)	(1.82)

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

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Current assets			
Cash and cash equivalents	7a	9,965,260	6,909,986
Bank term deposits	7b	11,372,408	-
Trade and other receivables	7c	491,418	2,372,132
Total current assets		21,829,086	9,282,118
Non-current assets			
Property, plant and equipment	8a	10,519,273	9,225,120
Exploration and evaluation expenditure	8b	104,570,371	75,868,276
Total non-current assets		115,089,644	85,093,396
Total assets		136,918,730	94,375,514
LIABILITIES			
Current liabilities			
Trade and other payables	9a	927,251	5,320,513
Provisions	9b	263,900	320,355
Total current liabilities		1,191,151	5,640,868
Non-current liabilities			
Provisions	10	294,037	202,745
Total liabilities		1,485,188	5,843,613
Net assets		135,433,542	88,531,901
EQUITY			
Contributed equity	11	151,676,845	100,106,954
Reserves	12a	4,758,009	4,745,896
Accumulated losses	12b	(21,001,312)	(16,320,949)
Total equity		135,433,542	88,531,901

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

Consolidated Statement of Changes in Equity

For the year ending 30 June 2014

	Note	Attributable to owners of Iron Road Limited			Total Equity \$
		Contributed Equity \$	Accumulated losses \$	Reserves \$	
Balance at 1 July 2012		60,659,503	(11,491,560)	4,773,127	53,941,070
Loss for the year		-	(4,829,389)	-	(4,829,389)
Total Comprehensive Income for the year		-	(4,829,389)	-	(4,829,389)
Transactions with owners in their capacity as owners:					
Contributions to equity net of transaction costs	11	39,447,451	-	-	39,447,451
Share based payments		-	-	(27,231)	(27,231)
		39,447,451	-	(27,231)	39,420,220
Balance at 30 June 2013		100,106,954	(16,320,949)	4,745,896	88,531,901
Loss for the year		-	(4,680,363)	-	(4,680,363)
Total Comprehensive Income for the year		-	(4,680,363)	-	(4,680,363)
Transactions with owners in their capacity as owners:					
Contributions to equity net of transaction costs	11	51,569,891	-	-	51,569,891
Share based payments	12	-	-	12,113	12,113
		51,569,891	-	12,113	51,582,004
Balance at 30 June 2014		151,676,845	(21,001,312)	4,758,009	135,433,542

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

Consolidated Statement of Cash Flows

For the year ending 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Research and development tax refund		1,172,267	-
Payments to suppliers and employees (inclusive of GST)		(3,798,008)	(4,453,446)
Interest received		1,165,970	795,214
Net cash outflow from operating activities	20	(1,459,771)	(3,658,232)
Cash flows from investing activities			
Payments for term deposits		(11,372,408)	-
Payments for exploration and evaluation		(33,331,232)	(27,288,688)
Payments for property and equipment		(1,572,847)	(7,781,310)
Net cash outflow from investing activities		(46,276,487)	(35,069,998)
Cash flows from financing activities			
Proceeds from issue of shares/options	11	52,374,322	40,908,867
Share issue transaction costs		(1,582,790)	(1,770,271)
Net cash inflow from financing activities		50,791,532	39,138,596
Net increase in cash and cash equivalents		3,055,274	410,366
Cash and cash equivalents at the beginning of the year		6,909,986	6,499,620
Cash and cash equivalents at the end of the year	7	9,965,260	6,909,986

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

Notes to the Financial Statements

For the year ending 30 June 2014

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Iron Road Limited and its controlled entities. The financial statements were authorised for issue by the directors on 26 September 2014. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation of historical financial information

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

(i) Compliance with IFRS

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

(ii) Historical cost convention

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

(iii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statement are disclosed in note 1(t).

(iv) Going concern

The directors have prepared the financial statements on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a net loss of \$4,680,363 for the year (2013: \$4,829,389) and although it had cash reserves as at 30 June 2014 of \$21,337,668, current forecasts indicate that additional funding will be required toward the end of the 2015 financial year. Management are confident that this additional funding will be obtained from its shareholders when required to enable the Group to continue to meet its obligations as and when they fall due. Accordingly, the directors believe that the going concern assumption is appropriate.

(v) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for first time for their annual reporting period commencing 1 July 2013:

- AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 127 *Separate Financial Statements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*.

AASB 10 *Consolidated Financial Statements* was issued in August 2011 and replaces guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in Interpretation 112 *Consolidation – Special Purpose Entities*. The Group has reviewed its investments in other entities

Notes to the Financial Statements

For the year ending 30 June 2014

to assess whether the conclusion to consolidate is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required. Under AASB 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. Iron Road Limited has no joint arrangements in place at 30 June 2014.

- AASB 119 *Employee Benefits (September 2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*.

The adoption of the revised AASB 119 *Employee Benefits* has changed the accounting for the Groups' annual leave obligations. As the Group does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long term employee benefits in their entirety. The entire obligation is now measured on a discounted basis however the impact of this change was immaterial since the majority of the leave is still expected to be taken within a short period.

(vi) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Group. The Groups' assessment of the impact of these new standards and interpretations is set out below:

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2017).

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. There will be no impact on the Groups' accounting for financial assets, as the new requirements only affect the accounting for financial assets that are designated at fair value through profit or loss and the Group does not have any such assets. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

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

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Iron Road Limited as at 30 June 2014 and the results of all controlled entities for the year then ended. Iron Road Limited and its controlled entities together are referred to in this financial report as the Group.

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

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

The acquisition method of accounting is used to account for business combinations by the Group.

Notes to the Financial Statements

For the year ending 30 June 2014

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

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segment. The Board of Iron Road Limited has been identified as being the chief operating decision maker.

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss.

(e) Revenue recognition

Interest income on bank term deposits is calculated on the term of the deposit and the bank interest rate at lodgement date and accrued in revenue from continuing operations.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Notes to the Financial Statements

For the year ending 30 June 2014

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Iron Road Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity.

(g) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(h) Cash and cash equivalents

For the purpose and presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and fixed term investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

Funds held in a term deposit facility for greater than 3 months have been reclassified to bank term deposits in the consolidated statement of financial position per AASB 107.

(i) Investments and other financial assets

(i) Classification

The Group classifies its financial assets as loans and receivables. Management determines the classification of its investments at initial recognition.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 7) in the balance sheet.

(iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Notes to the Financial Statements

For the year ending 30 June 2014

(iv) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(v) Impairment

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

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade receivables is described in note 1(g).

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(k) Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

(ii) Other long term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Notes to the Financial Statements

For the year ending 30 June 2014

Notwithstanding the classification of annual leave as a long term employee benefit, the related obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to employees through the Iron Road Limited Employee Option Plan. Information relating to this scheme is set out in the share based payments note 22. The fair value of options granted under the Iron Road Limited Employee Option Plan is recognised as a share based payments expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-market vesting conditions. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(l) 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.

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 phase. Expenditure incurred prior to the identification of a JORC compliant resource is capitalised and subsequently impaired. 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.

The recoverable amount of each area of interest is determined every six months 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.

(m) 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.

(n) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Notes to the Financial Statements

For the year ending 30 June 2014

(ii) Diluted earnings per share

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

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

(o) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(p) 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.

(q) Provisions

Provisions including make good obligations are recognised when the Group has a present 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's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that 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.

(r) Property, plant and equipment

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

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate

Notes to the Financial Statements

For the year ending 30 June 2014

asset is derecognised when replaced. All repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

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

In the case of leasehold improvements, the allocation of cost is over the term of the lease. The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with the 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.

(s) Parent entity financial information

The financial information for the parent entity, Iron Road Limited, disclosed in note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint ventures.

Investments in subsidiaries are accounted for at cost in the financial statements of Iron Road Limited.

(ii) Tax consolidation

Iron Road Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Iron Road Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Iron Road Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(t) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Notes to the Financial Statements

For the year ending 30 June 2014

(i) Recoverability of exploration and evaluation assets

The Groups' accounting policy requires management to make certain assumptions as to future events and circumstances. Exploration and evaluation costs are carried forward based on the accounting policy set out in note 1(l). Should development not be possible, or the existence of reserves does not allow for economic development, amounts recorded may require impairment in future periods.

(ii) Income taxes

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

2. Financial risk management

Overview

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

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

a) Credit risk

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

b) Exposure to credit risk

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

	2014	2013
	\$	\$
Cash and cash equivalents	9,965,260	6,909,986
Term deposits with term to maturity greater than 3 months from inception	11,372,408	-
Trade and other receivables	491,418	2,372,132
Total financial assets	21,829,086	9,282,118

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.

Notes to the Financial Statements

For the year ending 30 June 2014

Financial assets that are neither past due nor impaired are as follows:

	2014 \$	2013 \$
Counterparties without an external credit rating		
Financial assets with no default in the past	491,418	2,372,132
Cash at bank and fixed term deposits		
AA-	15,910,433	6,909,223
A	27,235	763
	16,429,086	6,909,986

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Groups' 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 Groups' reputation.

The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

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

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
At 30 June 2014							
Trade and other payables	927,251	-	-	-	-	927,251	927,251
Total non-derivatives	927,251	-	-	-	-	927,251	927,251
At 30 June 2013							
Trade and other payables	5,320,513	-	-	-	-	5,320,513	5,320,513
Total non-derivatives	5,320,513	-	-	-	-	5,320,513	5,320,513

There are no derivative financial instruments.

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns. The following market risk exposures have been assessed:

(i) Currency risk

The Group operates in Australian dollars with infrequent and low value transactions in other currencies. Such transactions present immaterial currency risk.

Notes to the Financial Statements

For the year ending 30 June 2014

(ii) Interest rate risk

Exposure arises from assets bearing variable interest rates. The Group intends to hold fixed rate assets to maturity, hence interest rate risk is considered unlikely to be material.

Sensitivity Analysis

If the interest rates had weakened/strengthened by 1% at 30 June 2014, there would be no material impact on the statement of comprehensive income. There would be no effect on the equity reserves other than those directly related to the statement of comprehensive income movements (2013: nil).

(iii) Price Risk

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

e) 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.

3. Segment information

The Group does not have any customers and all of the Groups' assets and liabilities are located within Australia. The Group does not have any operating segments with discrete financial information.

The Board of directors review internal management reports that are 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.

4. Revenue

Revenue from continuing operations

	2014	2013
	\$	\$
Interest income	1,232,188	794,279
	1,232,188	794,279

5. Expenses

Loss before income tax includes the following specific expenses:

a) Depreciation

	2014	2013
	\$	\$
Plant and equipment	41,583	37,999
Computer equipment	130,381	58,800
Building Improvements	84,455	-
Office equipment	12,065	28,170
Motor vehicles	12,460	12,090
Total depreciation	280,944	137,059

Notes to the Financial Statements

For the year ending 30 June 2014

b) Employee benefits expense

	2014	2013
	\$	\$
Defined contribution superannuation expense	128,659	133,913
Share based payments expense	12,113	(27,231)
Directors fees	254,500	242,271
Salaries and wages	1,570,406	1,383,040
Other employee benefits expense	93,675	153,292
Total employee benefits expense	2,059,353	1,885,284

c) Impairment of exploration expenses

	2014	2013
	\$	\$
Exploration expenditure written off during the year*	466,839	1,700,787

*Exploration expenditure relating to the Gawler Project per the Groups accounting policy as disclosed in note 1(l)

6. Income tax

(a) Income tax expense/(benefit)

	2014	2013
	\$	\$
Current tax benefit	-	(1,172,268)
Deferred tax expense	473,327	532,591
Income tax expense/(benefit)	473,327	(639,677)

(b) Reconciliation of income tax benefit to prima facie tax

	2014	2013
	\$	\$
Loss from continuing operations before income tax benefit	(4,207,036)	(5,469,066)
Tax at the Australian tax rate of 30% (2013: 30%)	(1,262,111)	(1,640,720)
Tax effect of amounts which are not deductible in calculating taxable income:		
Share based payments	3,634	(8,169)
Sundry	1,798	1,640
	5,432	(6,529)
Research and development tax credit	-	(1,172,268)
Prior year adjustment	-	94,098
Current year tax losses not recognised	1,730,005	2,085,742
Income tax expense/(benefit)	473,327	(639,677)

Notes to the Financial Statements

For the year ending 30 June 2014

(c) Tax expense recognised in equity

	2014	2013
	\$	\$
Deferred tax credited directly to equity	473,327	532,591

(d) Tax losses

	2014	2013
	\$	\$
Unused tax losses for which no deferred tax asset has been recognised	13,159,300	7,398,675
Potential tax benefit at 30%	3,947,790	2,219,603

(e) Deferred tax assets and liabilities

	2014	2013
	\$	\$
The balance of deferred tax assets comprises temporary differences attributable to:		
Tax losses	33,756,333	24,149,237
Business related costs	792,283	575,483
Accrued expenses	152,215	163,413
Total deferred tax assets	34,700,830	24,888,133

The balance of deferred tax liabilities comprises temporary differences attributable to:

Accrued income	28,184	8,319
Exploration expenditure	30,724,856	22,660,212
Total deferred tax liabilities	30,753,040	22,668,531

Net deferred tax assets

	3,947,790	2,219,603
Deferred tax assets not recognised	(3,947,790)	(2,219,603)
Net deferred tax assets	-	-

A net deferred tax asset of \$3,947,790 (2013: \$2,219,603) has not been recognised 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.

7. Current assets

a) Cash and cash equivalents

	2014	2013
	\$	\$
Cash at bank and in hand	3,765,260	2,637,578
Term deposits with term to maturity of less than 3 months from inception	6,200,000	4,272,408
Total cash and cash equivalents	9,965,260	6,909,986

Notes to the Financial Statements

For the year ending 30 June 2014

The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

	2014	2013
	\$	\$
Balance per consolidated statement of cashflows	<u>9,965,260</u>	<u>6,909,986</u>

Cash at bank earns a floating interest rate based on the at call daily rate. Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of lodgement. Fixed term deposits are held from one to six months depending on the cash requirements of the business.

b) Bank term deposits

As at 30 June 2014, the Group held \$11,372,408 on deposit for greater than three months duration.

	2014	2013
	\$	\$
Term deposit with term to maturity of 4 months from inception	5,400,000	-
Term deposit with term to maturity of 5 months from inception	5,700,000	-
Term deposit with term to maturity of 6 months from inception	272,408	-
Total bank term deposits	<u>11,372,408</u>	<u>-</u>

Interest rate risk exposure

The Groups exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalent and bank term deposit mentioned above.

c) Trade and other receivables

	2014	2013
	\$	\$
Research and development tax refund	-	1,172,268
GST receivable	285,307	1,079,972
Interest receivable	93,948	27,729
Prepayments	77,349	54,727
Other receivables	34,814	37,436
Total trade and other receivables	<u>491,418</u>	<u>2,372,132</u>

As at 30 June 2014, other receivables that were past due or impaired were nil (2013: nil). Due to the short term nature of the current receivables, their carrying amount is assumed to approximate fair value.

Credit risk exposure

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the Groups' trade receivables.

Notes to the Financial Statements

For the year ending 30 June 2014

8. Non-current assets

a) Property plant and equipment

In November 2013, the Group purchased the final parcel of land at the proposed deep water port facility at Cape Hardy, South Australia.

As land is not depreciated, the Group has split the land and buildings category disclosed in 2013 into two separate accounts going forward. In the case of leasehold improvements, these have been reclassified to buildings & improvements and depreciated over the term of the lease.

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

	Land & Buildings	Land	Buildings & Improvements	Plant & Equipment	Computer Equipment	Office Equipment	Motor Vehicles	Total
At 30 June 2012								
Cost or fair value	1,221,545	-	-	170,244	182,678	59,886	60,105	1,694,458
Accumulated Depreciation	-	-	-	(38,003)	(41,969)	(20,102)	(13,515)	(113,589)
Net book amount	1,221,545	-	-	132,241	140,709	39,784	46,590	1,580,869
Year ended 30 June 2013								
Opening net book value	1,221,545	-	-	132,241	140,709	39,784	46,590	1,580,869
Transfer In/Out	-	-	-	-	-	-	-	-
Additions	7,201,079	-	-	132,724	248,576	194,197	4,734	7,781,310
Depreciation charge	-	-	-	(37,999)	(58,800)	(28,170)	(12,090)	(137,059)
Closing net book amount	8,422,624	-	-	226,966	330,485	205,811	39,234	9,225,120
At 30 June 2013								
Cost or fair value	8,422,624	-	-	302,968	431,254	254,083	64,839	9,475,768
Accumulated depreciation	-	-	-	(76,002)	(100,769)	(48,272)	(25,605)	(250,648)
Net book amount	8,422,624	-	-	226,966	330,485	205,811	39,234	9,225,120
Year ended 30 June 2014								
Opening net book value	8,422,624	-	-	226,966	330,485	205,811	39,234	9,225,120
Transfer In/Out	(8,422,624)	7,577,356	977,742	-	-	(132,474)	-	-
Additions	-	1,401,062	2,250	14,597	140,263	16,925	-	1,575,097
Depreciation charge	-	-	(84,455)	(41,583)	(130,381)	(12,065)	(12,460)	(280,944)
Closing net book amount	-	8,978,418	895,537	199,980	340,367	78,197	26,774	10,519,273
At 30 June 2014								
Cost or fair value	-	8,978,418	998,428	317,565	571,517	120,098	64,839	11,050,865
Accumulated depreciation	-	-	(102,891)	(117,585)	(231,150)	(41,901)	(38,065)	(531,592)
Net book amount	-	8,978,418	895,537	199,980	340,367	78,197	26,774	10,519,273

Notes to the Financial Statements

For the year ending 30 June 2014

b) Exploration and evaluation expenditure

	2014	2013
	\$	\$
Opening balance	75,868,276	47,852,396
Tenement acquisitions during the period	-	-
Additions during the period	29,168,934	29,716,667
Impairment of exploration expenses	(466,839)	(1,700,787)
Closing balance	104,570,371	75,868,276

Following the February 2014 release of the Definitive Feasibility Study, the carrying amount of exploration asset for the CEIP has been assessed for impairment indicators per AASB 6 *Exploration for and Evaluation of Mineral Resources*. Whilst commercial viability is demonstrable, active operations are continuing with optimisation studies and an additional drilling programme underway to allow for optimised pit shell design and to confirm the eastern extension of the Boo-Loo prospect.

Exploration expenditure on the GIP has continued to be impaired per the Group's accounting policy as outlined in note 1(l).

9. Current liabilities

a) Trade and other payables

	2014	2013
	\$	\$
Trade payables	174,118	3,265,547
Accruals	752,117	2,054,134
Other payables	1,016	832
Total trade and other payables	927,251	5,320,513

The carrying amount of trade and other payables are assumed to approximate their fair values, due to their short term nature.

b) Provisions

	2014	2013
	\$	\$
Employee benefits	263,900	220,691
Drilling program compensation provision	-	99,664
Total provisions	263,900	320,355

c) Drilling program compensation provision

Iron Road Limited has committed to providing financial compensation to land holders in the event of crop disturbance in relation to drilling activities. At 30 June 2014, there were no drilling programs in place and all compensation provided for had been paid in full.

Notes to the Financial Statements

For the year ending 30 June 2014

d) Movements in provisions

Movements in each class of provision during the financial year are set out below:

2014	Employee benefits	Drilling compensation provision	Total
Carrying amount at the start of the year	220,691	99,664	320,355
Charged/(credited) to profit or loss			
- additional provision recognised	148,311	-	74,596
- unused amounts reversed	-	(73,715)	
Amounts used during the year	(105,102)	(25,949)	(131,051)
Carrying amount at the end of the year	263,900	-	263,900

e) Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. It is estimated that 60% of the carrying value will be carried beyond 12 months.

10. Non-current liabilities

Non-current liabilities - Provisions

	2014	2013
	\$	\$
Employee benefits - long service leave	213,482	155,523
Other liabilities	80,555	47,222
Total provisions	294,037	202,745

11. Contributed equity

a) Share capital

		2014	2013	2014	2013
	Note	Shares	Shares	\$	\$
Ordinary shares - fully paid	11(b)	581,936,904	290,968,452	152,481,276	101,568,371
Deferred tax expense recognised in equity		-	-	473,327	532,591
Cost of capital raising		-	-	(1,277,758)	(1,994,008)
		581,936,904	290,968,452	151,676,845	100,106,954

Notes to the Financial Statements

For the year ending 30 June 2014

b) Movements in ordinary share capital

Date	Details	Note	Number of shares issued*	Issue price	\$
1 July 2012	Opening balance		161,207,273		60,659,503
16 August 2012	Issue of ordinary shares		19,425,851	\$ 0.32	6,216,272
11 September 2012	Issue of ordinary shares		105,510,292	\$ 0.32	33,763,293
23 January 2013	Exercise of unlisted options		2,825,036	\$ 0.19	544,102
8 March 2013	Exercise of unlisted options		2,000,000	\$ 0.19	385,200
30 June 2013	Cost of capital raising		-	\$ -	(1,994,008)
30 June 2013	Deferred tax expense recognised in equity		-	\$ -	532,591
30 June 2013	Balance		290,968,452		100,106,954
23 July 2013	Issue of ordinary shares	11(e)	173,044,538	\$ 0.18	31,148,017
30 July 2013	Issue of ordinary shares	11(e)	117,923,914	\$ 0.18	21,226,305
30 June 2014	Cost of capital raising		-	\$ -	(1,277,758)
30 June 2014	Deferred tax expense recognised in equity		-	\$ -	473,327
30 June 2014	Balance		581,936,904		151,676,845

* All shares have been authorised for issue and are fully paid

c) 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 shares held.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

d) Movements in unlisted options on issue

Date	Details	Number of shares	Issue price
1 July 2013	Opening balance	22,925,000	
23 January 2013	Forfeiture of unlisted options	(3,420,000)	\$ 0.34
23 January 2013	Forfeiture of unlisted options	(6,000,000)	\$ 0.19
23 January 2013	Exercise of unlisted options	(2,825,036)	\$ 0.19
23 January 2013	Forfeiture of unlisted options	(879,964)	\$ 0.19
23 January 2013	Forfeiture of unlisted options	(1,500,000)	\$ 0.34
8 March 2013	Exercise of unlisted options	(2,000,000)	\$ 0.19
30 June 2013	Balance	6,300,000	
6 August 2013	Forfeiture of unlisted options	(3,000,000)	\$ 0.3426
31 March 2014	Forfeiture of unlisted options	(100,000)	\$ 0.9926
31 March 2014	Forfeiture of unlisted options	(100,000)	\$ 1.2426
31 March 2014	Forfeiture of unlisted options	(100,000)	\$ 1.4926
30 June 2014	Balance	3,000,000	

Additional information relating to the Iron Road Limited Employee Option Plan is set out in note 22.

Notes to the Financial Statements

For the year ending 30 June 2014

e) Capital raising

On 13 June 2013, the Group announced a fully underwritten one for one non-renounceable entitlement offer of new Iron Road Limited shares at an offer price of \$0.18 per new share. 290,968,452 shares were issued in July 2013 which rank equally with existing shares in Iron Road Limited.

f) Capital risk management

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

There were no changes to the Groups' 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.

12. Other reserves and retained earnings

a) Reserves

Share based payments reserve

Date	Details	\$
1 July 2012	Opening balance	4,499,877
	Unvested options expired	(74,683)
	Options expensed	47,452
	Transfer from options issue reserve	273,250
30 June 2013	Balance	4,745,896
	Options expensed	12,113
30 June 2014	Balance	4,758,009

The share based payment reserve is used to recognise the value of options issued. Options that are vested on issue are fully expensed on issue whereas options with vesting conditions that are yet to be satisfied are expensed throughout the vesting period.

Options issue reserve

Date	Details	\$
1 July 2012	Opening balance	273,250
	Transfer to share based payment reserve	(273,250)
30 June 2013	Balance	-
30 June 2014	Balance	-

The options issue reserve has been transferred to the share based payments reserve and is shown for comparison purposes only.

b) Accumulated losses

Date	Details	\$
1 July 2012	Opening balance	(11,491,560)
	Net loss for the year	(4,829,389)
1 July 2013	Balance	(16,320,949)
	Net loss for the year	(4,680,363)
30 June 2014	Balance	(21,001,312)

Notes to the Financial Statements

For the year ending 30 June 2014

13. Dividends

There have been no dividends paid during the current year or prior years (2013: nil).

14. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	2014	2013
	\$	\$
PricewaterhouseCoopers (Australia)		
(a) Audit and other assurance services		
Audit and review of financial reports under the <i>Corporations Act 2001</i>	62,000	51,465
(b) Non audit services		
Taxation compliance services	46,050	8,500
Total remuneration of PricewaterhouseCoopers (Australia)	108,050	59,965

	2014	2013
	\$	\$
BDO Audit (WA) Pty Ltd		
(a) Audit and other assurance services		
Audit and review of financial reports under the <i>Corporations Act 2001</i>	-	15,456
(b) Non audit services		
Taxation compliance services	-	-
Total remuneration of BDO Audit (WA) Pty Ltd	-	15,456
Total auditors remuneration	108,050	75,421

15. Contingencies

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

16. Commitments

a) Exploration commitments

All of the company's tenements are situated in the 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 farm-in 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 1971*, 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, as follows:

	2014	2013
	\$	\$
Within one year	1,060,000	1,135,000

Notes to the Financial Statements

For the year ending 30 June 2014

No estimate has been given of expenditure commitments beyond 12 months as this is dependent on the ongoing assessment of operations.

b) Capital commitments

During the year the Group finalised a contractual commitment to purchase land at Cape Hardy in South Australia and has no outstanding capital commitments.

	2014	2013
	\$	\$
Within one year	-	1,536,373
Later than one year but no later than two years	-	-
Total capital commitments	-	1,536,373

c) Lease commitments: Company as lessee

The Group leases various offices, expiring within one to four years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to operating leases are payable as follows:

	2014	2013
	\$	\$
Within one year	405,424	330,022
Later than one year but no later than five years	640,148	942,951
Later than five years	-	-
Total lease commitments	1,045,573	1,272,973

17. Related party transactions

a) Parent entities

The parent entity within the Group is Iron Road Limited. The ultimate parent entity and ultimate controlling party is The Sentient Group (incorporated in the Cayman Islands) which at 30 June 2014 owned 72.85% (2013: 57.87%) of the issued ordinary shares of Iron Road Limited.

b) Subsidiaries

Interests in subsidiaries are set out in note 18.

c) Key management personnel

	2014	2013
	\$	\$
Short term employee benefits	1,260,590	1,230,191
Long term employee benefits	103,666	103,767
Post employment benefits	85,079	91,607
Share based payments	-	(74,683)
Total compensation	1,449,335	1,350,882

Detailed remuneration disclosures are provided in the Remuneration Report on page 25.

Notes to the Financial Statements

For the year ending 30 June 2014

d) Transactions with other related parties

The following transactions occurred with The Sentient Group:

	2014	2013
	\$	\$
Reimbursement of travel related expenditure	26,329	26,411
Reimbursement of legal fees	88,793	-
Directors fees	54,500	39,494
Capital raising costs	1,047,486	80,356
Other reimbursements	69,292	52,625
	1,286,400	198,886

The following balances are outstanding at the end of the reporting period and are disclosed within trade and other payables in relation to transactions with The Sentient Group:

	2014	2013
	\$	\$
Reimbursement of travel related expenditure	-	16,512
Directors fees	13,625	13,625
Capital raising costs	-	80,356
Other reimbursements	-	52,625
	13,625	163,118

There were no other related party transactions during the year.

e) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Notes to the Financial Statements

For the year ending 30 June 2014

18. Investment in controlled entities

Name of entity	Equity holding		Cost of parent entities investment	
	2014 %	2013 %	2014 \$	2013 \$
Parent entity				
Iron Road Limited				
Controlled entities				
IRD Corporate Services Pty Ltd	100	100	100	100
IRD Group Finance Pty Ltd	100	100	100	100
IRD Port Assets Midco Pty Ltd	100	100	100	100
IRD Port Assets Holdings Pty Ltd	100	100	100	100
IRD Rail Assets Holdings Pty Ltd	100	100	100	100
IRD Port Assets Pty Ltd	100	100	10	10
IRD (Central Eyre) Pty Ltd	100	100	100	100
IRD (Gawler) Pty Ltd	100	100	100	100
IRD Train Operations Pty Ltd	100	-	100	-
IRD Track Services Pty Ltd	100	-	100	-
IRD Marine Operations Pty Ltd	100	-	100	-
IRD Cargo Services Pty Ltd	100	-	100	-
IRD Mining Operations Pty Ltd	100	-	100	-

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

19. Events occurring after the reporting period

During July 2014, the Department for State Development of South Australia approved the Exploration Work Approval (EWA) application for Iron Road Limited to drill a further 15 holes at the CEIP. The objective of this stage IX drilling program is to build a 25+ year mine life with annual output of 24Mtpa and to initiate an optimised pit shell design to refine the in-pit crushing and conveying mine plan.

Drilling activities commenced on 27 July 2014 and are expected to continue through to October 2014.

Notes to the Financial Statements

For the year ending 30 June 2014

20. Reconciliation of net loss after income tax

	2014	2013
	\$	\$
Net loss for the period	(4,680,363)	(4,829,389)
Depreciation	280,944	137,059
Share based payments	12,113	(27,231)
Non cash - rent incentive	33,333	47,222
Non cash - tax expense on capital raising costs	473,327	532,591
Formation costs	(1,987)	-
Impairment of exploration expenses	466,839	1,700,787
Change in operating assets and liabilities		
(Increase) in trade and other receivables	1,882,576	(1,536,150)
Increase/(Decrease) in trade payables	(27,721)	84,182
Increase in other provisions	101,168	232,697
Net cash outflow from operating activities	(1,459,771)	(3,658,232)

21. Loss per share

a) Basic and diluted earnings per share

	2014	2013
	cents	cents
Total basic loss per share attributable to the ordinary equity owners of the company	(0.83)	(1.82)
Total diluted loss per share attributable to the ordinary equity owners of the company	(0.83)	(1.82)
Loss attributable to the members of the group used in calculating basic earnings per share:		
from continuing operations	(4,680,363)	(4,829,389)

b) Weighted average number of shares used as the denominator

	Number of shares	
	2014	2013
Weighted average number of shares used as the denominator in calculating basic and diluted loss per share	562,137,525	264,663,198

c) Information concerning the classification of options

As Iron Road Limited made a loss during the year, 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 the loss per share in the future.

22. Share based payments

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

Notes to the Financial Statements

For the year ending 30 June 2014

The Employee Option Plan is designed to provide long-term incentives for directors and senior executives to deliver long-term shareholder returns. Under the plan, participants are granted options some of which vest on issue and others that vest if certain market and non-market conditions are met. Once vested, the options remain exercisable for a period of five years. Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

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

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

Grant date	Expiry date	Exercise price	Balance at start of period	Granted during the year	Exercised during the year	Expired/forfeited during the year	Balance at end of period	Vested and exercisable at end of period
30 June 2014								
Director options								
23/12/2009	15/12/2014	\$ 0.19	625,000	-	-	-	625,000	625,000
23/12/2009	15/12/2014	\$ 0.24	625,000	-	-	-	625,000	625,000
23/12/2009	15/12/2014	\$ 0.23	625,000	-	-	-	625,000	625,000
23/12/2009	15/12/2014	\$ 0.34	625,000	-	-	-	625,000	625,000
25/07/2011	25/07/2016	\$ 0.99	500,000	-	-	-	500,000	500,000
Employee Options								
7/08/2008	6/08/2013	\$0.3426	3,000,000	-	-	(3,000,000)	-	-
24/08/2011	24/08/2016	\$0.9926	100,000	-	-	(100,000)	-	-
24/08/2011	24/08/2016	\$1.2426	100,000	-	-	(100,000)	-	-
24/08/2011	24/08/2016	\$1.4926	100,000	-	-	(100,000)	-	-
Total			6,300,000	-	-	(3,300,000)	3,000,000	3,000,000
Weighted average exercise price		\$ 0.4010				\$ 0.4244	\$ 0.3752	\$ 0.3752

Notes to the Financial Statements

For the year ending 30 June 2014

Grant date	Expiry date	Exercise price	Balance at start of period	Granted during the year	Exercised during the year	Expired/forfeited during the year	Balance at end of period	Vested and exercisable at end of period
30 June 2013								
Director options								
23/01/2008	23/01/2013	\$0.3426	3,420,000	-	-	(3,420,000)	-	-
23/01/2008	23/01/2013	\$0.1926	6,000,000	-	-	(6,000,000)	-	-
23/01/2008	23/01/2013	\$0.1926	1,425,000	-	(1,425,000)	-	-	-
23/01/2008	23/01/2013	\$0.1926	2,280,000	-	(1,400,036)	(879,964)	-	-
23/01/2008	23/01/2013	\$0.3426	1,500,000	-	-	(1,500,000)	-	-
27/05/2008	10/03/2013	\$0.1926	2,000,000	-	(2,000,000)	-	-	-
23/12/2009	15/12/2014	\$0.1926	625,000	-	-	-	625,000	625,000
23/12/2009	15/12/2014	\$0.2426	625,000	-	-	-	625,000	625,000
23/12/2009	15/12/2014	\$0.2293	625,000	-	-	-	625,000	625,000
23/12/2009	15/12/2014	\$0.3426	625,000	-	-	-	625,000	625,000
25/07/2011	25/07/2016	\$0.9926	500,000	-	-	-	500,000	500,000
Employee Options								
7/08/2008	6/08/2013	\$0.3426	3,000,000	-	-	-	3,000,000	3,000,000
24/08/2011	24/08/2016	\$0.9926	100,000	-	-	-	100,000	100,000
24/08/2011	24/08/2016	\$1.2426	100,000	-	-	-	100,000	-
24/08/2011	24/08/2016	\$1.4926	100,000	-	-	-	100,000	-
Total			22,925,000	-	(4,825,036)	(11,799,964)	6,300,000	6,100,000
Weighted average exercise price			\$ 0.2821	-	\$ 0.1926	\$ 0.2551	\$ 0.4010	\$ 0.3693

There were no options granted or exercised during the reporting period ended 30 June 2014.

The weighted average remaining contractual life of options outstanding at 30 June 2014 is 0.731 years (2013: 1.02 years).

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

	2014	2013
	\$	\$
Options expensed	12,113	47,452
Unvested options expired	-	(74,683)
Total share based payment expense	12,113	(27,231)

Notes to the Financial Statements

For the year ending 30 June 2014

23. Iron Road Limited parent company information

a) Summary financial information

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

	2014	2013
	\$	\$
ASSETS		
Total current assets	32,584,816	18,178,656
Total non-current assets	104,433,384	76,215,364
Total assets	137,018,200	94,394,020
LIABILITIES		
Total current liabilities	1,191,151	5,640,868
Total non-current liabilities	294,037	202,745
Total liabilities	1,485,188	5,843,613
Net assets	135,533,012	88,550,407
EQUITY		
Issued capital	151,676,845	100,106,954
Reserves	4,758,009	4,745,896
Accumulated losses	(20,901,842)	(16,302,443)
Total equity	135,533,012	88,550,407
Loss for the year	(4,599,399)	(4,814,325)
Total comprehensive loss for the year	(4,599,399)	(4,814,325)

b) Guarantees entered into by the parent entity

The company has not provided any financial guarantees as at 30 June 2014.

c) Contingent liabilities of the parent entity

The company had no contingent liabilities as at 30 June 2014.

d) Contractual commitments

The company had no contractual commitments other than those disclosed in note 16 as at 30 June 2014.

Directors' Declaration

The directors' of the Group declare that:

1. The consolidated financial statements, comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and accompanying notes are in accordance with the *Corporations Act 2001* and:
 - a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) give a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the financial year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included in the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2014, 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 of the *Corporations Act 2001*.
5. The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

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



Andrew Stocks
Managing Director
26 September 2014



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

Report on the financial report

We have audited the accompanying financial report of Iron Road Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Iron Road Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
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T: +61 8 8218 7000, F: +61 8 8218 7999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's opinion

In our opinion:

- (a) the financial report of Iron Road Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 25 to 32 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Iron Road Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Andrew Forman'.

Andrew Forman
Partner

Adelaide
26 September 2014

ASX Additional Information

For the year ending 30 June 2014

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is shown below. All information is current as at 19 September 2014.

a) Distribution of equity securities

Analysis of holders of fully paid ordinary shares by size of holding:

Spread of holding	Number of holders	Shares held	Percentage of ordinary fully paid shares
1-1,000	192	96,262	0.02%
1,001-5,000	477	1,380,170	0.24%
5,001-10,000	279	2,293,278	0.39%
10,001-100,000	618	19,387,768	3.33%
100,001 and over	135	558,779,426	96.02%
Total holdings on register	1,701	581,936,904	100.00%

b) Twenty largest shareholders

The twenty largest holders of fully paid ordinary shares are:

Holder name	Shares held	Percentage of ordinary fully paid shares
1 Sentient Executive GP IV Limited	343,259,453	58.99%
2 Sentient Executive GP III Limited	51,558,593	8.86%
3 National Nominees Limited	43,040,321	7.40%
4 Sentient Executive GP II Limited	29,131,005	5.01%
5 HSBC Custody Nominees Australia Limited	15,230,765	2.62%
6 SANBA II Inv Company	9,861,112	1.69%
7 DEVIPO Pty Ltd	5,151,203	0.89%
8 JP Morgan Nominees Australia Limited	4,704,047	0.81%
9 SEISUN Capital Pty Ltd	3,486,625	0.60%
10 Cedarose Pty Ltd	3,257,936	0.56%
11 Anderson, Graham Douglas	2,824,000	0.49%
12 Anderson, CM & SM	2,500,000	0.43%
13 Paul, Geoffrey John	2,200,000	0.38%
14 UBS Wealth Management Australia Nominees	2,150,500	0.37%
15 BNP Baribas Nominees Pty Ltd	2,034,196	0.35%
16 Stonecot Pty Ltd	2,005,000	0.34%
17 Citicorp Nominees Pty Ltd	1,891,696	0.33%
18 Leadville Investments Pty Ltd	1,500,000	0.26%
19 Stocks, Claire Margaret	1,442,657	0.25%
20 Stocks, Andrew James	1,442,656	0.25%
	528,671,765	90.88%

ASX Additional Information (cont.)

For the year ending 30 June 2014

c) Substantial shareholder

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

	Shares held
Sentient Executive GP II, Limited	29,131,005
Sentient Executive GP III, Limited	51,558,593
Sentient Executive GP IV, Limited	343,259,453
Total holding	423,949,051

d) Voting rights

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

e) Interests in mining tenements

Iron Road Limited holds interests in the following mining tenements:

Location	Tenement	Percentage held
South Australia		
Warrambo	EL4849	100%
Gawler	EL5298 (replaced EL4014)	90% Iron Ore rights
Western Australia		
Windarling	EL77/1236	Expired 18 September 2013
	EL77/1237	Expired 6th June 2014
	EL77/1245	Expired 6th June 2014
	PL77/3508	Expired 30 September 2013

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