IRON ROAD

INTERIM REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2020

ABN 51 128 698 108

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DIRECTORS' REPORT

The Directors present the consolidated report of Iron Road Ltd and its controlled entities for the half-year ended 31 December 2020.

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

Directors

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

Peter Cassidy	Non-executive Chairman
Jerry Ellis AO	Non-Executive Director
Ian Hume	Non-Executive Director
Glen Chipman	Executive Director - Commercial

Review of Operations

Cape Hardy Stage I Commercialisation

On 24 September 2020, Iron Road announced that Macquarie Capital (Macquarie) had entered into a Joint Development Agreement (JDA) with the Company and Eyre Peninsula Co-operative Bulk Handling (EPCBH). The JDA provides the framework to advance development and financing plans for the proposed $250 million Cape Hardy Stage I multi-user, multi-commodity port facility, including defined steps for securing of equity and debt capital. Macquarie will also provide financial advisory services to the Project.

In early October 2020, Iron Road advised that all conditions precedent to the JDA had been satisfied, allowing Macquarie and Iron Road to move into the first phase of the project's Development Plan, with both parties obliged to pay their respective share of budgeted costs.

As a key priority, the developers recommenced engagement with various stakeholders on the Eyre Peninsula including presenting at public meetings arranged by the Port Neill Progress Association and the Tumby Bay and District Community Consultative Group. The developer parties also presented the project to attendees at the EPCBH AGM in Cleve, which attracted more than 80 growers. These presentations and discussions are part of a well-established and continuing grower and community consultation process. In addition to community stakeholders, the joint developers met with and briefed several South Australian State government politicians, including members of the opposition, Chief Executives, and various senior bureaucrats.

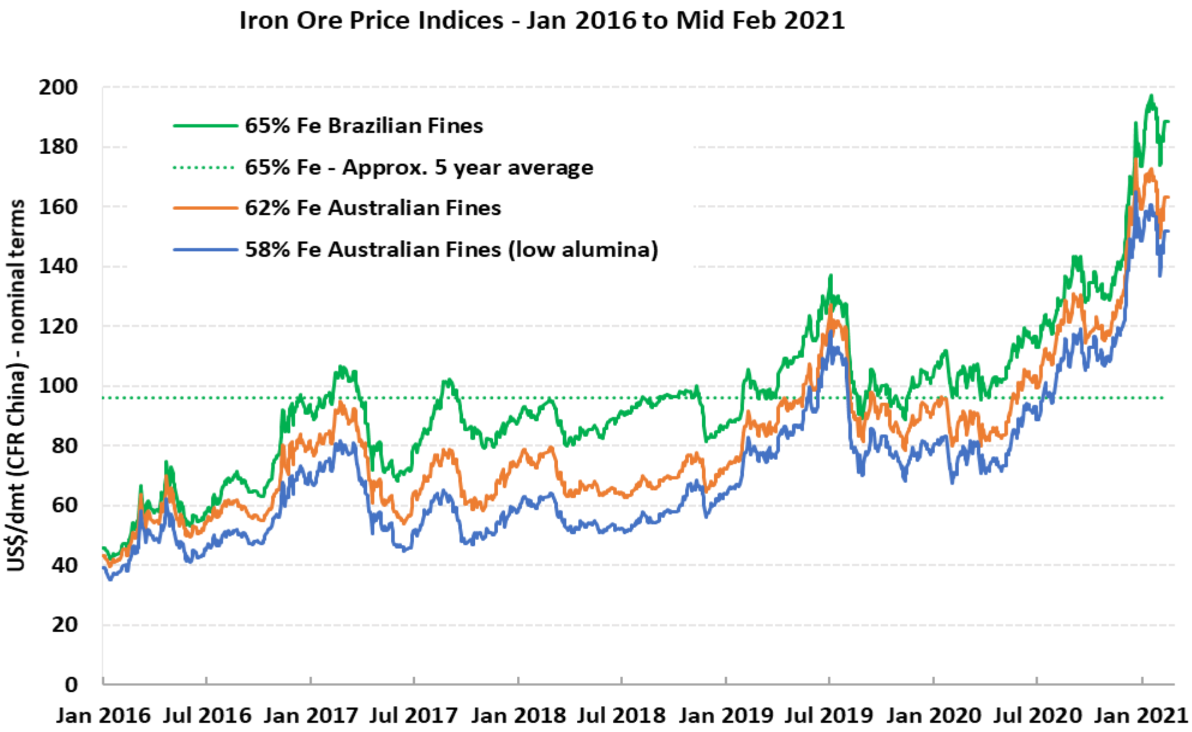
Other major steps leading up to Financial Close include finalisation of the Development Plan Consent in addition to concluding detailed marine and landside facility designs and subsequent construction tenders. Introductory meetings have concluded with several short-listed Design and Construct contractors, and various service providers and consultants relating to project support have either been appointed or provided with scopes of work and invited to present their proposals.

Project economics for the Cape Hardy Stage I project will be defined in the lead up to Financial Close once expected export tonnages (both grain and non-grain) and other import/export opportunities are more clearly defined.

In December 2020, Iron Road announced the appointment of former South Australian Premier and widely respected farming advocate, Rob Kerin, as Project Chair of the proposed $250 million Cape Hardy Stage I port development. Mr Kerin's appointment coincided with the launch of the joint venture's name – **Portalis**. The joint developers of the Cape Hardy Stage I Port (Iron Road, EPCBH and Macquarie) were pleased to attract a Project Chair of outstanding calibre in Mr Kerin. Rob is well known to Eyre Peninsula communities and we look forward to his leadership in building on the important stakeholder engagement activity undertaken to date as Portalis works toward Financial Close.

Iron Ore Market

Iron ore prices have continued to improve in FY21, with the benchmark 62% Fe Fines price averaging US$125/dmt CFR China and the higher grade 65% Fe index averaging US$138/dmt CFR China over the first half. As of mid-February 2021, 62% Fe and 65% Fe spot prices had strengthened further above US$163/dmt and US$188/dmt, respectively. Lagging the sustained reality of strong seaborne trade and tight supply/demand conditions, an increasingly constructive multi-year outlook for iron ore fundamentals has recently resulted in an accelerating price forecast upgrade cycle and more positive sentiment toward advanced development opportunities.



Source: Bloomberg, Mysteel

The following table shows the sensitivity of the Group's preferred lower capital, lower risk 12Mtpa CEIP delivery model[1] to high grade iron ore prices and the AUD/USD exchange rate:

IRR and NPV_{10} Sensitivity at Financial Close[2]

High Grade 65% Iron Index Price (US$/dmt)		90	100	110	120
AUD/USD	0.717	25.0% / US$949M	33.5% / US$1.68B	40.8% / US$2.41B	47.5% / US$3.13B
	0.750	22.1% / US$761M	30.8% / US$1.49B	38.2% / US$2.22B	44.8% / US$2.95B
	0.800	17.7% / US$473M	26.8% / US$1.21B	34.3% / US$1.94B	41.0% / US$2.66B

[1] Refer to ASX announcement "Revised CEIP Development Strategy Reduces Project Capex Requirements by 56%" on 25 February 2019

[2] geared, post-tax IRR and NPV_{10} at financial close, tax rate of 30%

Green Hydrogen / Green Manufacturing Planning

During October 2020, the South Australian Government released a prospectus identifying the opportunity for green hydrogen exports to be shipped from a greenfield port in the Cape Hardy region of the Eyre Peninsula.

The hydrogen export prospectus entitled *South Australia: A global force in hydrogen*, recognises the ideal location of Cape Hardy on the Eyre Peninsula, connecting renewable resources with an indicative distance to the port of 60 kilometres, and the potential for small-scale and large-scale green hydrogen export ranging from 60,000 - 250,000 tonnes per annum. The prospectus demonstrates how the State can prosper from rising global demand for hydrogen, a commodity that is forecast to contribute as much as $1.7 billion and 2,800 jobs to the national economy by 2030. In addition to providing a catalyst for international investment, the South Australian Government anticipates the prospectus will send a strong signal to overseas markets of the seriousness of the State's commitment and intent.

In January 2021, Iron Road announced that master planning for a green manufacturing precinct at Cape Hardy by The Hydrogen Utility (H2U) is to commence and will integrate an iron ore 'green pellet' plant fuelled by renewable energy, using high grade iron concentrate from the CEIP. This follows an extension to the Company's 2019 Heads of Agreement and Project Development Accord with H2U that, during November 2020, attracted Mitsubishi Heavy Industries Ltd., a leading Japanese multinational engineering, technology, and investment partner. Having secured this strategic cornerstone investor, H2U is now able to accelerate its green hydrogen development projects in South Australia, including detailed planning for a green manufacturing precinct at Iron Road's 1,100-hectare Cape Hardy port site.

Approvals

The EIS Amendment with the South Australian State government continued to progress and allows for construction of a port at Cape Hardy to be staged. Stage I will be designed and constructed to allow for Panamax vessels, with handling for both grain and other goods (including minerals). Stage II will involve expansion of the jetty and wharf to allow for Cape-class vessels and the export of iron concentrate from the Central Eyre Iron Project (CEIP) and other bulk mineral commodities.

In December 2020 Iron Road lodged an application for the partial surrender of ML6467 with the Department of Energy and Mining (DEM). The area to be relinquished comprises approximately 24% of the existing Mining Lease area or 2,044 ha agricultural land. The revised mine plan with 12 Mtpa iron concentrate production, as announced on 25 February 2019, does not require as large a footprint as the previous significantly larger mine plan (24 Mtpa iron concentrate production). The reduction in the Mining Lease area relieves the Company from some of its annual Mining Lease rental obligations, with savings directed towards more immediate development priorities. This measure also aligns with increased potential investor interest in the lower capital, lower risk 12 Mtpa CEIP delivery model.

Early in 2021 DEM declared the CEIP a new mine in accordance with section 17A of the Mining Act 1971. Accordingly, the Hon. Rob Lucas MLC, Treasurer South Australian government, advised that a reduced royalty rate will be two percent of the value of the minerals recovered, less any prescribed costs as set out in the Act. The reduced royalty rate will commence on the day that royalty is first payable and will apply until the earlier of five years or 30 June 2026.

Corporate

On 5 November 2020, Iron Road announced a non-renounceable entitlement offer of new Iron Road shares at an offer price of $0.14 (14 cents) per share. The entitlement offer was made on the basis of 1 new share for every 7 existing shares held by eligible shareholders on the Record Date. The Offer received significant support from eligible investors with applications received for entitlement and shortfall of approximately $10.42 million. All Iron Road's directors participated up to their full entitlement under the Offer and were not eligible to participate in the shortfall offer. Iron Road's largest shareholder participated fully in the offer, which resulted in the extinguishment of $8.7 million of the total $9.0 million in debt owed to Sentient Global Resources Fund IV, L.P.

Iron Road and Macquarie entered into an agreement that, subject to satisfaction of the conditions precedent to the JDA and other procedural conditions, permitted the issuance of a total 40 million Iron Road warrants with vesting contingent on Financial Close and commercial operations being achieved. An initial 25 million tranche is exercisable from Financial Close with the second 15 million tranche exercisable from the Commercial Operations Date (COD). All warrants provide the holder with a right to acquire shares in Iron Road and have an exercise price of $0.075 - equivalent to Iron Road's last rights issue offer price - and will expire 24 months post COD. The exercise price was reduced to $0.07376 in accordance with the terms of the warrants following completion of the entitlement offer undertaken during November and December 2020 detailed below.

As part of the agreement, Macquarie secured certain co-development rights, consultation rights and formal rights of first refusal with Iron Road with respect to the future development of the Cape Hardy port precinct, including an integrated port development involving the CEIP and green hydrogen potential.

Mineral Resources and Reserves

Table 1 – CEIP Ore Reserve Summary – 24Mtpa option

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

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

Table 2 – CEIP Global Mineral Resource

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

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

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

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

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

Results of Operations

The Group incurred a loss for the half-year ended 31 December 2020 of $2,098,042 (2019: $333,591). The increased loss is mostly attributable to recognising the fair value of equity based payments during the period in share based payments and employee benefits expense.

Events after the Reporting Date

No matters or events have arisen since 31 December 2020 which have significantly affected, or may significantly affect, the operations of the Group, the results of the operations, or the state of affairs of the Group in future years.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 7.

This report is made in accordance with a resolution of directors and is signed on behalf of the directors by Dr Peter Cassidy.

Peter Cassidy
Chairman
Adelaide, South Australia
9 March 2021

AUDITOR'S INDEPENDENCE DECLARATION

Auditor's Independence Declaration

As lead auditor for the review of Iron Road Ltd for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

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

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

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

M. T. Lojszczyk
Partner
PricewaterhouseCoopers

Adelaide
9 March 2021

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Half-year 2020 $	Half-year 2019 $
Revenue from continuing operations			
Other income		**50,197**	451
Expenses			
Loss on disposal of assets		**(34,000)**	-
Depreciation	3	**(23,719)**	(24,227)
Employee benefits expense	4	**(882,072)**	(23,060)
Exploration expenses	2	**(53,924)**	(45,133)
General expenses		**(34,892)**	(30,499)
Professional fees		**(252,466)**	(65,992)
Travel and accommodation		**(12,332)**	(45,383)
Marketing		**(7,309)**	(7,658)
Rent and administration costs		**(135,568)**	(92,090)
Share based payments - Cape Hardy Stage I Warrants	7	**(711,957)**	-
Loss before income tax		**(2,098,042)**	(333,591)
Income tax expense		**-**	-
Loss for the period		**(2,098,042)**	(333,591)
Other comprehensive loss for the period		**-**	-
Total comprehensive loss for the period attributable to owners of Iron Road Ltd		**(2,098,042)**	(333,591)

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

	Note	Cents	Cents
Basic and diluted loss per share (cents)	8	**(0.30)**	(0.05)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	31 December 2020 $	30 June 2020 $
ASSETS			
Current assets			
Cash and cash equivalents	1	**1,780,929**	340,455
Bank term deposits	1	**45,000**	45,000
Prepayments and other receivables		**146,538**	45,069
Total current assets		**1,972,467**	430,524
Non-current assets			
Exploration and evaluation expenditure	2	**122,342,150**	121,959,760
Property, plant and equipment	3	**9,722,302**	9,793,021
Total non-current assets		**132,064,452**	131,752,781
Total assets		**134,036,919**	132,183,305
LIABILITIES			
Current liabilities			
Trade and other payables	5	**1,146,806**	8,720,441
Provisions		**325,393**	264,885
Total current liabilities		**1,472,199**	8,985,326
Non-current liabilities			
Provisions		**245**	34,862
Total non-current liabilities		**245**	34,862
Total liabilities		**1,472,444**	9,020,188
Net assets		**132,564,475**	123,163,117
EQUITY			
Contributed equity	7	**172,472,784**	162,093,715
Reserves		**5,887,089**	4,766,758
Accumulated losses		**(45,795,398)**	(43,697,356)
Total equity		**132,564,475**	123,163,117

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		Attributable to owners of Iron Road Ltd			
	Note	**Contributed Equity $**	**Accumulated losses $**	**Reserves $**	**Total Equity $**
Balance at 1 July 2019		**162,093,715**	**(41,927,392)**	**5,128,028**	**125,294,351**
Total loss for the half-year		-	(333,591)	-	(333,591)
Total other comprehensive income for the half-year		-	-	-	-
Transactions with owners in their capacity as owners:					
Share based payments	7	-	-	(361,270)	(361,270)
Balance at 31 December 2019		**162,093,715**	**(42,260,983)**	**4,766,758**	**124,599,490**
Balance at 1 July 2020		**162,093,715**	**(43,697,356)**	**4,766,758**	**123,163,117**
Total loss for the half-year		-	(2,098,042)	-	(2,098,042)
Total other comprehensive income for the half-year			-	-	-
Transactions with owners in their capacity as owners:					
Contributions to equity net of transaction costs		10,379,069	-	-	10,379,069
Share based payments – employees	7	-	-	408,374	408,374
Share based payments – Cape Hardy Stage I Warrants	7	-	-	711,957	711,957
Balance at 31 December 2020		**172,472,784**	**(45,795,398)**	**5,887,089**	**132,564,475**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Half-year 2020 $	2019 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		**(1,206,479)**	(1,334,222)
Government grant received		**50,000**	-
Interest received		**197**	451
Net cash outflow from operating activities	4	**(1,156,282)**	(1,333,771)
Cash flows from investing activities			
Payments for term deposits		**(90,000)**	(90,000)
Receipts from term deposits		**90,000**	90,000
Payments for exploration and evaluation		**(175,029)**	-
Proceeds from sale of assets		**13,000**	-
Net cash outflow from investing activities		**(162,029)**	-
Cash flows from financing activities			
Proceeds from issue of shares	7	**10,422,225**	-
Share issue transaction costs		**(6,558)**	-
Proceeds of short term finance	6	**1,000,000**	1,400,000
Repayment of short term finance	6	**(8,656,882)**	-
Net cash inflow from financing activities		**2,758,785**	1,400,000
Net increase in cash and cash equivalents		**1,440,474**	66,229
Cash and cash equivalents at the beginning of the half-year		**340,455**	688,071
Cash and cash equivalents at the end of the half-year		**1,780,929**	754,300

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

Structure of Notes and materiality

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

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

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

1: Cash

The Consolidated Statement of Cash Flows, shows total cash expended during the half-year ended 31 December 2020 was $10,044,948 (2019: $1,334,222), utilised in the following areas:

	Note	**2020** $	2019 $
Exploration and evaluation		520,670	376,173
Employee benefits expense		294,918	572,229
Professional fees		252,466	65,992
Rent and administration		135,568	266,787
Share issue transaction costs		6,558	-
Repayment of borrowings	6	8,656,882	-
Other		177,886	53,041
Total		**10,044,948**	1,334,222

The balance of cash and cash equivalents at 31 December 2020 was $1,780,929 (June 2020: $340,455) and bank term deposits was $45,000 (June 2020: $45,000). The bank term deposit is held as security for the Group's credit card facility.

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

2: Exploration

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

Exploration and evaluation expenditure capitalised in relation to Cape Hardy Port Stage I for the half-year ended 31 December 2020 totalled $382,390 (2019: Nil). The total capitalised exploration and evaluation expenditure relating to the CEIP at 31 December 2020, including Cape Hardy Port project costs, was $122,342,150 (June 2020: $121,959,760).

From 1 January 2019 expenditure on maintaining the mining lease that has not progressed the CEIP has been expensed. The total exploration expense for the half year was $53,924 (2019: 45,133).

Recoverability of exploration and evaluation assets

Recoverability of the carrying amount of the exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively sale of the respective area of interest. The exploration and evaluation assets are tested for impairment periodically or when events or circumstances indicate the carrying value may not be recoverable. For the half-year ended 31 December 2020, the directors deemed the current capitalisation of development of the CEIP resource to be appropriate, as the Group continues to define the most appropriate mine and infrastructure plan.

The Group's accounting policy requires management to make certain assumptions as to future events and circumstances. Exploration and evaluation costs are carried forward based on the accounting policy set out above. Should development not be possible, or the existence of reserves does not allow for economic development, amounts recorded may require impairment in future periods. Iron Road periodically evaluates the economic potential of the CEIP using discounted cashflow modelling technique. The model includes assumptions for production volumes, forecast iron ore pricing, foreign exchange rates and project costs, which are updated for the latest available data.

3: Property, plant and equipment

During the period ended 31 December 2020, the Group invested Nil (2019: Nil) in property, plant and equipment. Reconciliation of the carrying amounts of property, plant and equipment:

	LAND AND BUILDINGS		PLANT AND EQUIPMENT		
Reconciliation of the carrying value of property, plant and equipment	**Land $**	**Buildings & Improvements $**	**Plant & Equipment $**	**Motor Vehicles $**	**Total $**
At 30 June 2020					
Cost or fair value	9,025,418	847,518	875,561	40,097	10,788,594
Accumulated depreciation	-	(177,226)	(779,603)	(38,744)	(995,573)
Net book amount	**9,025,418**	**670,292**	**95,958**	**1,353**	**9,793,021**
Half-year ended 31 December 2020					
Opening net book value	9,025,418	670,292	95,958	1,353	9,793,021
Additions/(Disposals)	(47,000)	-	-	-	(47,000)
Depreciation charge	-	(10,881)	(12,598)	(240)	(23,719)
Closing net book amount	**8,978,418**	**659,411**	**83,360**	**1,113**	**9,722,302**
At 31 December 2020					
Cost or fair value	8,978,418	847,518	851,487	40,097	10,717,520
Accumulated depreciation	-	(188,107)	(768,127)	(38,984)	(995,218)
Net book amount	**8,978,418**	**659,411**	**83,360**	**1,113**	**9,722,302**

The Group's land holdings are predominantly located at the Cape Hardy Port precinct. Other Cape Hardy project costs are included in the capitalised exploration and evaluation balance (refer Note 2).

4: Operating activities

Operating expenses were $2,148,239 for the half-year ended 31 December 2020 (2019: $334,042). Share based payments – employee benefits expense includes the value of performance rights issued to Non-executive Directors of $408,374 (Refer Note 6). Share based payments expense in the prior half-year of -$361,270 included reversal of previously expensed amounts where executive KPIs were not met and the related performance rights have lapsed.

Share based payments – Cape Hardy Stage I Warrants expense of $711,957 relates to professional services supplied by Macquarie Capital (2019: Nil). Refer Note 7 for additional information.

Loss before tax includes the following specific expenses:

	Note	2020 $	2019 $
Salaries and other employee benefits		446,557	396,401
Superannuation		40,949	40,490
Directors' fees		142,500	5,000
Share based payments - employees	7	408,374	(361,270)
Sub-total		1,038,380	80,621
Less: allocated to exploration		(156,308)	(57,561)
Total employee benefits expense		**882,072**	23,060

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

	Note	2020 $	2019 $
Net loss for the period		**(2,098,042)**	(333,591)
Depreciation		23,719	24,227
Share based payments - employees	7	408,374	(361,270)
Share based payments - Cape Hardy Stage I Warrants	7	711,957	-
Loss on disposal of assets		34,000	-
Change in operating assets and liabilities			.
Decrease in other receivables		(101,470)	(80,052)
Decrease in trade payables		(160,711)	(303,094)
Increase/(Decrease) in other provisions		25,891	(279,991)
Net cash outflow from operating activities		**(1,156,282)**	(1,333,771)

5: Trade and other payables

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

	31 December 2020	30 June 2020
	$	$
Trade payables	775,788	670,642
Accruals	27,900	49,799
Short term finance	343,118	8,000,000
Total trade and other payables	**1,146,806**	8,720,441

During the period the Group received $1,000,000 in short term debt finance from Sentient Global Resources Fund IV taking the total loan balance to $9,000,000 before repaying $8,656,882 through the issue of shares in the November 2020 rights issue (see Note 7). The balance of the facility at 31 December 2020 was $343,118 (30 June 2020: $8,000,000). The facility attracts nil interest and is repayable by 30 September 2021.

STRUCTURES AND CAPITAL

6: Related parties

The parent entity of the Group and the ultimate parent entity and controlling party is The Sentient Global Resources Funds (Sentient) which at 31 December 2020 owned 74.91% (2019: 74.03%) of the issued ordinary shares of Iron Road Ltd.

The following transactions occurred with Sentient:

	31 December 2020 $	31 December 2019 $
Proceeds of issue from shares	(8,656,882)	-
Short term finance - loan	(1,000,000)	(1,400,000)
Short term finance - repayment	8,656,882	-
Directors fees - Glen Chipman April 2018 to December 2020	137,500	-

The Group received $1,000,000 in short term finance from Sentient Global Resources Fund IV taking the facility balance to $9,000,000 before repaying $8,656,882 through the issue of shares in the November 2020 rights issue (see Note 7). The balance of the facility at 31 December 2020 was $343,118 (30 June 2020: $8,000,000). The facility attracts nil interest and is repayable by 30 September 2021.

Glen Chipman was appointed a director in March 2018 as a representative of the Company's major shareholder, the Sentient Global Resources Funds. Director fees relating to the period April 2018 to December 2020 of $137,500 are included in trade and other payables at 31 December 2020 (2019: Nil).

At the Company's Annual General Meeting (AGM) held on 24 November 2020 shareholders approved the establishment of a Performance Share Plan and a Share Option Plan, both designed to provide the Company's directors, executives, employees and contractors with an incentive to maximise the return to Shareholders over the long term and to assist in the attraction and retention of key personnel.

Shareholders also approved the issue of the following securities issued to Non-executive Directors under the Performance Share Plan at the 2020 AGM;

a) Past Director Performance Rights – vested rights to compensate for unpaid director fees since April 2018 (other director Glen Chipman as described above) as follows:

Director	**Grant date**	**Expiry date**	**Fair value at grant date**	**Balance at start of period**	**Granted during the year**	**Lapsed during the year**	**Balance at end of period**	**Vested and exercisable at end of period**
31 December 2020								
Peter Cassidy	24 November 2020	31 December 2023	$ 0.145	-	913,000	-	913,000	913,000
Ian Hume	24 November 2020	31 December 2023	$ 0.145	-	844,000	-	844,000	844,000
Jerry Ellis	24 November 2020	31 December 2023	$ 0.145	-	844,000	-	844,000	844,000
Total				-	2,601,000	-	2,601,000	2,601,000

The fair value of the rights at grant date is equal to the closing share price of Iron Road shares on that day. A total of $377,145 was recognised as share based payment expense for these performance rights in the period (2019: Nil).

b) Future Director Performance Rights – rights that vest if Company's share price exceeds a Volume Weighted Average (VWAP) equal to 130% of the 5 day VWAP prior to the 2020 AGM at any time in the period to 31 December 2022 for a period of at least 1 month (KPI) as follows:

Director	Grant date	Expiry date	Fair value at grant date	Balance at start of period	Granted during the year	Lapsed during the year	Balance at end of period	Vested and exercisable at end of period
31 December 2020								
Peter Cassidy	24 November 2020	31 December 2025	$ 0.137	-	2,000,000	-	2,000,000	-
Ian Hume	24 November 2020	31 December 2025	$ 0.137		1,500,000		1,500,000	-
Jerry Ellis	24 November 2020	31 December 2025	$ 0.137	-	1,500,000	-	1,500,000	-
Total				-	5,000,000	-	5,000,000	-

The table below outlines the inputs used in Monte Carlo fair valuation of the Future Director Performance Rights:

Exercise Price	Nil
Right Life	5.08 years
Underlying Share Price	$0.135
Expected Share Price Volatility	99.24%
Risk Free Interest Rate	0.09%
Weighted Average Fair Value	$0.137
Weighted Average Contractual Life	5.00 years

A total of $31,229 was recognised as share based payment expense for these performance rights in the period (2019: Nil).

7: Equity and reserves

SHARE CAPITAL

Share capital	**2020 Shares**	2019 Shares	**2020 $**	2019 $
Opening balance 1 July	693,683,634	693,683,634	162,093,715	162,093,715
Shares issued as part of 1 for 7 non-renounceable rights issue	74,444,467	-	10,422,225	-
Cost of rights issue	-	-	(43,156)	-
Balance 31 December	**768,128,101**	693,683,634	**172,472,784**	162,093,715

During the period the Company completed a non-renounceable entitlement offer of new Iron Road shares at an offer price of $0.14 (14 cents) per share on the basis of 1 new share for every 7 existing shares held. Applications were received for entitlement and shortfall of approximately $10.42 million. All Iron Road's directors participated up to their full entitlement under the offer and were not eligible to participate in the shortfall offer. Iron Road's largest shareholder (Sentient) participated fully in the offer, which resulted in the repayment of $8.7 million of the total $9.0 million in debt owed to Sentient Global Resources Fund IV, L.P. (refer Note 6).

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

Cape Hardy Stage I Warrants

In September 2020 Iron Road, Macquarie Capital and Eyre Peninsula Co-operative Bulk Handling (EPCBH) entered into a Joint Development Agreement during the period which included the issue of 40 million unlisted Iron Road warrants to Macquarie with vesting contingent on Financial Close and Commercial Operations under being achieved for the Cape Hardy Stage I port. An initial 25 million tranche is exercisable from Financial Close with the second 15 million tranche exercisable from the Commercial Operations Date (COD). All warrants provide the holder with a right to acquire shares in Iron Road and have an exercise price of $0.075 - equivalent to Iron Road's October 2018 entitlement offer price - and will expire 24 months post COD.

The exercise price was reduced to $0.07376 in accordance with the terms of the warrants following completion of the entitlement offer undertaken during the period.

Tranche	Grant date	Expiry date	Exercise price	Fair value at grant date	Balance at start of period	Granted during the year	Lapsed during the year	Balance at end of period	Vested and exercisable at end of period
31 December 2020									
1	9 October 2020	24 months from COD	$ 0.07376	$ 0.132	-	25,000,000	-	25,000,000	-
2	9 October 2020	24 months from COD	$ 0.07376	$ 0.132	-	15,000,000	-	15,000,000	-
Total					-	40,000,000	-	40,000,000	-

A total of $711,957 was recognised as Share Based Payment – Cape Hardy Stage I Warrants expense in the period (2019: Nil).

Performance Rights

In November 2020 the Company issued 2,601,000 unlisted Past Director Performance Rights which vested immediately and 5,000,000 unlisted Future Director Performance Rights with a market based share price vesting condition (refer Note 6 for more information).

There were no shares, options over shares or performance rights over shares issued during the prior half year to 31 December 2019.

RESERVES

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

At the end of each period the Group revises its estimates of the number of options and performance rights that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment in equity.

The fair value is determined by the Board of Directors at the grant date with reference to quoted market prices or using the Black-Scholes valuation method or a valuation methodology approximating Monte Carlo simulation as appropriate taking into account the terms and conditions upon which the equity instruments were granted.

The increase in share based payment reserve for the period totalling $1,120,330 relates to the issue of warrants ($711,957), Past Director Performance Rights ($377,145) and Future Director Performance Rights ($31,229). See above for further details.

During the prior half year, share based payments expense related to performance rights of $361,270 previously expensed being reversed to the profit and loss due to the lapsing of 3,000,000 performance rights.

8: Loss per share

	31 December 2020	31 December 2019
Loss attributable to the members of the group used in calculating loss per share	(2,098,042)	(333,591)
Weighted average number of shares used as the denominator in calculating basic and diluted loss per share	699,347,887	693,683,634
Total basic and diluted loss per share attributable to the ordinary equity owners of the company (cents)	(0.30)	(0.05)

There were 47,601,000 warrants and performance rights outstanding at the end of the year (2019: Nil) that have not been considered in calculating diluted loss per share due to their effect being anti-dilutive.

ADDITIONAL INFORMATION

9: Segment information

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

10: Accounting policies

Basis of Preparation of the Interim Financial Report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with requirements of the *Corporations Act 2001* (Cth) and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by Iron Road Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth).

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

Going concern

As at 31 December 2020, the Group's current assets exceed its current liabilities by $500,268. The Group has incurred a loss of $2,098,042 and operating and investing cash outflows of $1,318,311 during the half year ended 31 December 2020.

The Group currently has no cash generating assets in operation and $1,780,929 of available cash at 31 December 2020. The Group's largest shareholder, Sentient Global Resources Fund IV, has in principle committed to a further $400,000 in funding capacity and an extension of the facility to 30 September 2021. Therefore, the continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due is dependent on the Group being successful in:

1) a placement to potential strategic Cape Hardy Stage I and/or CEIP investors; and/or
2) receiving the continuing support and extension of terms from its shareholder, including the ongoing subordination of the shareholder facility, with a limit of $0.7 million and current balance of $0.3 million, which as at the date of this report is yet to be contractually deferred or extended to include the additional $0.4 million in principle commitment; and/or
3) funding from a project partner for the greater CEIP.

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

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

11: Dividends

There were no dividends provided for or paid during the half-year ended 31 December 2020.

UNRECOGNISED ITEMS

12: Contingencies

There are no material contingent liabilities or contingent assets of the Group at 31 December 2020.

13: Events after reporting date

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

DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes set out on pages 8 to 22 are in accordance with the *Corporations Act 2001* (Cth), including:

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

   ii.) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

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

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

Peter Cassidy
Chairman
Adelaide, South Australia
9 March 2021

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Iron Road Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date

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

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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

Material uncertainty related to going concern

We draw attention to Note 10 in the half-year financial report, which indicates that the Group incurred a loss of $2,098,042 during the half-year ended 31 December 2020. The Group currently has no cash generating assets in operation and with $1,780,929 of available cash at balance date requires additional funds as detailed in Note 10. These conditions, along with other matters set forth in Note 10, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

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Responsibility of the directors for the half-year financial report

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

Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

PricewaterhouseCoopers

M. T. Lojszczyk
Partner

Adelaide
9 March 2021