IRONCLAD
MINING LIMITED

ABN 79 124 990 405

and

Controlled Entities

Annual Report

For the year ended 30 June 2014

Table of Contents

Corporate Directory 1
Chairman's Letter 2
Project Overview 3
Directors' Report 10
Auditor's Independence Declaration 20
Consolidated Statement of Profit or Loss and Other Comprehensive Income 21
Consolidated Statement of Financial Position 22
Consolidated Statement of Changes in Equity 23
Consolidated Statement of Cash Flows 24
Notes to the Financial Statements 25
Directors' Declaration 56
Independent Auditor's Report 57
Additional Information for Listed Public Companies 59
Corporate Governance Statement 61
Schedule of Mineral Tenements 67

Corporate Directory

EXECUTIVE CHAIRMAN
Ian D. Finch

MANAGING DIRECTOR
Robert J. Mencel

NON-EXECUTIVE DIRECTORS
Neil W. McKay
Peter W. Rowe

COMPANY SECRETARY
Neil W. McKay

REGISTERED OFFICE
Level 2, 679 Murray Street
West Perth WA 6005
Telephone: + 61 (08) 9485 1040
Facsimile: + 61 (08) 9485 1050

PRINCIPAL OFFICE
307 Pulteney Street
Adelaide, SA 5000
Telephone: +61 (08) 8224 0411
Facsimile: +61 (08) 8227 0411

AUDITORS
Bentleys
Level 1, 12 Kings Park Road
West Perth, WA 6005
Telephone: +61 (08) 9226 4500
Facsimile: +61 (08) 9226 4300

SHARE REGISTRAR
Advanced Share Registry Ltd
110 Stirling Highway
Nedlands, WA 6009
Telephone: +61 (08) 9389 8033
Facsimile: +61 (08) 9389 7871

STOCK EXCHANGE LISTING
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: IFE

BANKERS
Westpac Banking Corporation
Murray Street
West Perth, WA 6005

Chairman's Letter

Dear Members,

Last year, at this time I commented on *"...... the minefield of shrinking prices, rising costs and catatonic financial markets".* I outlined the strategy that the Company was to undertake to combat these three negative pressures.

The IronClad team responded by quickly adding additional reserves of low cost Direct Shipping Ore (DSO) and low cost iron concentrate, produced by the Dry Magnetic Separation (DMS) method. Adding high grade, near surface reserves to the stage one inventory meant that additional, deeper DMS ore could be accessed.

A detailed cost reduction programme also produced excellent results, and the financial model once again became robust and relevant to the times.

The swiftness of the IronClad response was, sadly, not matched by the South Australian Government when an amendment to the Lucky bay port approval was sought. The amendment application, originally lodged on 18th February 2013 remained mired in bureaucracy until its final approval on the 29th November 2013. Whilst the approval itself was welcomed, many months of unnecessary costs had accrued and valuable time had been lost.

Since that time the 62% Fe bench mark price for iron ore, landed in China (CIF), fell to USD$94 (It has subsequently fallen further to sub USD$85 levels). At the same time the AUD$ remained strong against the USD$. In response to the falling iron ore price and heavy discounting, by end users, of lower grade iron ores, IronClad, once again had to amend its production plan.

The initial Stage 1 pit is now designed to focus on high grade (+60% Fe) Direct Shipping Ore (DSO). The starter pit is expected to mine between 400,000 and 500,000 tonnes over a period of approximately 6 to 7 months and, where possible, additional easily accessible DSO material will be sourced to add to the inventory.

At the same time additional metallurgical work is planned to optimise grades and tonnes from the DMS process by finer crushing. A desk top study has been completed and results are very encouraging.

The overall aim is to produce a premium (+62% Fe) product with low contaminants that suffers minimal discounting by end users. The Company believes that niche markets for such high quality ore will remain in demand despite fluctuating prices and exchange levels.

During the year the Company also made significant discoveries of Manganese on the joint venture area. A Joint Venture was signed with Trafford Resources, such that IronClad may earn the right to 80% of all Manganese on the property. Should reserves of Manganese ore be outlined it will have a significant and positive effect on the overall value of the Company.

Despite the challenging circumstances, the board remains committed to the creation of a profitable iron ore operation based at Wilcherry Hill and to further grow that operation, over time, for the benefit of all shareholders.

I wish to thank shareholders for remaining patient in the face of persistent delays to the consummation of the project. The reasons for such delays have been many and varied, but mostly they have been as a result of issues beyond the control of the Company.

I remain optimistic that we have the project, the staff and the will to succeed in our aim – and, as always, I look forward to the year ahead.

Ian Finch
Chairman

Project Overview

Development Project

Wilcherry Hill Iron Ore Project

Government Approvals

Lucky Bay Common User Facility Development (CEUF) Application

The Government of South Australia approved the Company's application for its planned development at the port of Lucky Bay on the Eyre Peninsula.

The application was made in order to amend the previous requirement to transport ore in closed containers from the mine site, 40 km north of Kimba, to the wharf side at Lucky Bay. The application requested the establishment of a modest bulk ore stockpile facility at the port. This has resulted in a reduction of required container numbers from over 3,000 to 250.

Legislative requirements under the Development Act and Development Regulations 2008, include a requirement that the works must be substantially commenced within 12 months of the date of approval.

Nominated port operator, Sea Transport Ltd, is progressing negotiations with South Australian Government Minister for Transport over the granting of a formal Port Operating Agreement for the CUEF through the Harbours and Navigation Act.

Mining

All mining related approvals for the project have been received by the Company. The rehabilitation and closure plans were approved and the resulting environmental bond documents in the amount of $2,700,000 were received. Subject to payment of the environmental bond, either as a cash bond or as an unconditional bank guarantee, construction at Wilcherry Hill may commence.

Stage 1 Reserve

A total of 3.5 million tonnes (Mt) of Open Cut Ore Reserves were estimated at the Wilcherry Hill Iron Ore Project which were categorised as proved and probable. After application of metallurgical factors this resulted in 2.9 Mt of Open Cut Marketable Reserves made up of 1.9 Mt DSO (Direct Shipping Ore) with average grade of 57% Fe and 1 Mt DMS (Dry Magnetic Separation) product with an average concentrate grade of 53% Fe.

In the recent months, the 62% Fe bench mark price for iron ore, landed in China (CIF), fell from USD$117 to USD$94. At the same time the AUD$ remained strong against the USD$ .In response to the falling iron ore price and heavy discounting of lower grade iron ores, IronClad is amending its production plan. The starter pit will now focus on high grade (60% Fe) Direct Shipping Ore (DSO) only and is expected to mine approximately 400,000 - 500,000 tonnes over a period of approximately 6 to 7 months.

The second pit is targeted to produce a high grade concentrate (62%Fe to 65% Fe) will be brought forward. Additional metallurgical test work is currently underway to optimise this process. Improved beneficiation will result due to a combination of finer crushing and Dry Magnetic Separation (DMS). The later stages of Stage 2 will employ a Gravity Separation (GS) plant.

Lucky Bay Infrastructure

Detail design of the Lucky Bay dock and onshore infrastructure is now complete. Sea Transport is progressing with its detail design of the harbour extension, a deepened existing harbour and the approach channel from Spencer Gulf.

Project Overview

The Company has completed design of the offshore mooring to anchor both Panamax and Cape size ships at the approved location 5.5 and 8 nautical miles respectively offshore from port at Lucky Bay. Options for supply of the marine fleet for transhipping operation continue to be evaluated including a recent inspection of a crane barge operating in Kalimantan.

Designs for upgrades to public roads to allow use of double road trains on the ore haulage route from Wilcherry Hill mine to the port have been completed.

Finance

An intensive economic review had been undertaken and despite operating costs being trimmed by approximately 25%, the start-up capital requirement for Stage 1 has remained close to budget at approximately $15 million. The purchase and construction of a company owned and run crushing plant is likely to add a further $6 million to the start-up capital but will create significant and worthwhile operating cost savings. Total capital requirement, including contingencies is, therefore, estimated to be in the order of $22 million.

To secure debt funding in the current iron environment would require the use of financial hedging instruments to “lock in” fixed forward prices and exchange rates. Forward swap prices are considerably lower than current spot prices making debt funding particularly unattractive.

Equity remains an option, however this is the least preferred source of capital.

Discussions where held with a number of potential investors interested in securing long term iron ore off take agreements. A number of interested parties are reviewing the Stage 1 Wilcherry Hill Project data and discussions are ongoing.

Marketing and Shipping

The 57m powered transhipping barge currently under construction in Guangzhou, China, is nearing completion. Ongoing delays as a result of Chinese regulatory reviews and approvals of imported barge equipment have now been resolved. The barge is currently being offered for sale.

Health, Safety, Environment and Community

There were no health and safety incidents during the reporting period. Similarly there were no environmental nor community complaint events reported and statutory compliance monitoring was carried out on schedule.

Indigenous Access Survey

The identification of Manganese potential at Pier Dam and further Iron ore targets in the area around the current mining lease has resulted in plans to conduct an extensive exploratory drilling program. To allow this to be carried out an indigenous access survey of target areas on the relevant exploration leases is required.

In January 2014 preliminary discussions were initiated with the Gawler Ranges Aboriginal Corporation (GRAC). Subsequent meetings were held with GRAC and South Australian Native Title Services (SANTS) in February to plan a clearance survey program, leading to the submission of a formal survey access request in February 2014.

In March IronClad presented to the GRAC board outlining the current status of the Wilcherry Hill project and detailed the scope of the proposed exploration program.

This work - at Pier Dam and Black Hills - has been concluded and has cleared the way for ongoing exploration operations.

Project Overview

Exploration Projects

Iron Ore Exploration

Ground magnetic surveys were completed over ten prospect areas. A total of 214 line km was completed (Details are shown in Table 1). The data are currently being processed and modelled, with final results are expected next quarter.

Results from these surveys will assist in planning of additional drilling programs which are to be undertaken once mining operations commence.

Area	Survey	Total Metres	ML6390	EL5299	EL4286
Temeraire	TM_P003	10,690	6,800	3,890	
Stuart	Stuart Central	94,215		94,215	
Ultima Dam West	UDW-east	17,385	17,385		
Reddon Dam	RD_P001	10,926			10,926
Cunyarie Dam	CD_P002	17,000		17,000	
Zealous	Zealous	18,500	18,500		
Ultima Dam East	UE_P006	11,100		11,100	
Zealous South	ZS1	28,260		28,260	
Telephone Dam	TD_P008	3,100		3,100	
Ultima Dam East	UE_P010	3,500		3,500	
Overall		214,676	42,685	161,065	10,926

Table 1 Ground Magnetometer Survey Areas

Manganese Joint Venture

The Company signed a formal Joint Venture (JV) agreement with Trafford Resources Ltd (TRF: ASX) whereby the Company has the right to earn an 80% interest in all manganese over the Wilcherry Hill Project area (EL5299 - Wilcherry Hill, EL4286 - Valley Dam, EL4421 – Peterlumbo and EL5164 – Eurilla Dam) in the north of the Eyre Peninsula of South Australia. The terms of the agreement include:

- The Company to complete 4,000m of reverse circulation (RC) drilling within 12 months of the JV agreement being signed.
- The Company to pay Trafford Resources Ltd $250,000 in cash.
- The Company can earn 50% in the project tenements by spending $1 million over 12 months from the date of the agreement.
- The Company has the right to earn an additional 30% in the project by spending an additional $2 million over an additional 2 years.
- The Company will be the manager of the JV.
- Upon earning an 80% interest, Trafford Resources Ltd's remaining 20% interest will be free carried up to a decision to mine; at which point if Trafford elects not to contribute, its interest will dilute according to an industry standard formula, to a minimum of 10% before converting to a 2% gross revenue royalty.
- On signing of the JV agreement, both parties will form an exploration committee that will agree upon exploration and development programs during the earn-in period.

Signing of the JV followed the intersection of highly anomalous manganese (Mn) mineralisation (22m @ 22% Mn) during the January 2013 drilling campaign which was testing for northern and eastern extensions of the Hercules Iron (Fe) resources.

Subsequent to the signing of the agreement, both parties agreed to extend the earn-in period by an additional year. With manganese margins potentially USD $60-$70 higher than those for iron ore, producing and selling manganese concentrate in addition to iron ore production has the potential to generate larger and earlier surplus cash flows, for the Wilcherry Hill Iron Project.

Project Overview

Manganese exploration commenced on two prospect areas: Pier Dam and Hercules East.

Hercules and Pier Dam

During the year, the Company continued to explore for manganese at its Hercules East, North and Pier Dam Prospects. Exploration included reverse circulation drilling at the Hercules prospects and geological mapping at Pier Dam. Drilling at Hercules East indicated that manganese mineralisation extends over a strike length of 250 metres. At Hercules North, reconnaissance drilling also intersected manganese mineralisation.

Iron Exploration

The process of compiling exploration targets with potential to host near surface high grade iron resources to supplement the proposed mining operation at Wilcherry Hill was completed. This project, commenced in mid-2013, has generated prioritised drill targets (Figure 1) required to build the resource base that will sustain a long term DSO / DMS mining operation. Drilling of any targets will be undertaken once mining operations commence.

Cultural Heritage Clearance Surveys of 6 future drill target areas were completed.

Manganese Exploration

Exploration for manganese continued with a focus on the Hercules East, North and Pier Dam Prospects (Figure 1). Both these prospects lie within the Joint Venture's 100% owned Eurilla Dam EL 5164 tenement approximately 15km east of the Company's Wilcherry Hill iron deposit.

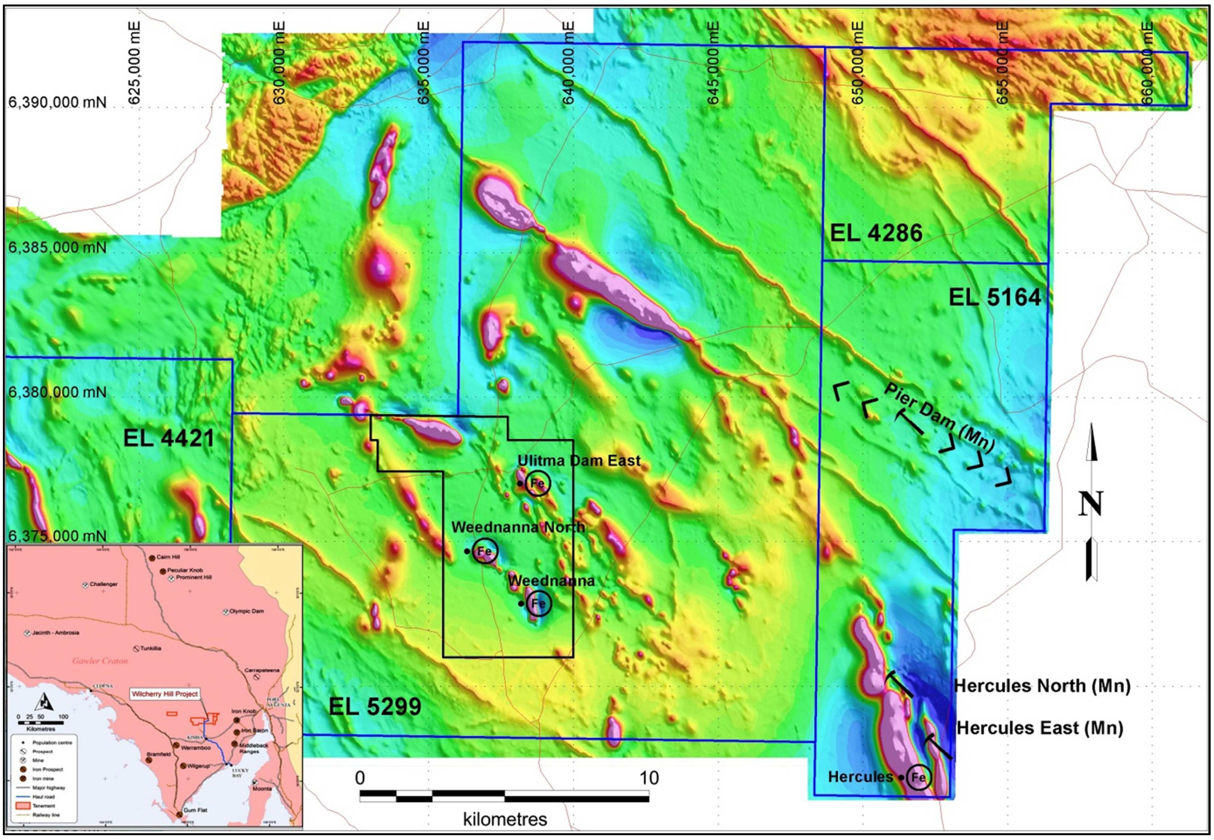

Figure 1: Pier Dam and Hercules East / North Manganese Prospect Location Plan (image is total magnetic intensity)

Hercules East and North Manganese Prospects

Results were received from a 200m (NS) x 50m (EW) sampling program undertaken over the eastern and northern parts of Hercules.

The surface geochemistry results at Hercules East demonstrated a potential 600m northerly extension of the known manganese mineralisation. 15 Reverse Circulation (RC) holes were drilled into the zone.

Project Overview

Two kms to the NW of Hercules East geochemistry outlined a 1km north – south zone of manganese anomalism (Hercules North Prospect). Field inspections confirmed the presence of manganiferous ironstone and manganese oxide veins in Banded Iron Formation lithologies. The drilling of eleven reconnaissance holes was carried out over this anomaly.

Full results from the 26 holes (2187m) drilled reinforced the notion that IronClad Mining has discovered a substantial manganese system.

Pier Dam

Historically, significant manganese mineralisation has been noted at this prospect since the late 1970's by previous explorers and more recently by Trafford Resources Ltd and IronClad Mining Ltd as part of its exploration for iron. High grade manganese values ranging from 15.5% - 42.3% Mn have been recorded from manganese oxide outcrops.

Compilation and review of historical exploration data, acquisition of digital aerial photography and ground magnetic data has now been completed. Manganese mineralisation in outcrop and subcrop is evident throughout the prospect and forms 5 distinct northwest trending corridors varying between 2km and 8km in length.

The first phase of geological mapping and surface sampling was completed at Pier Dam.

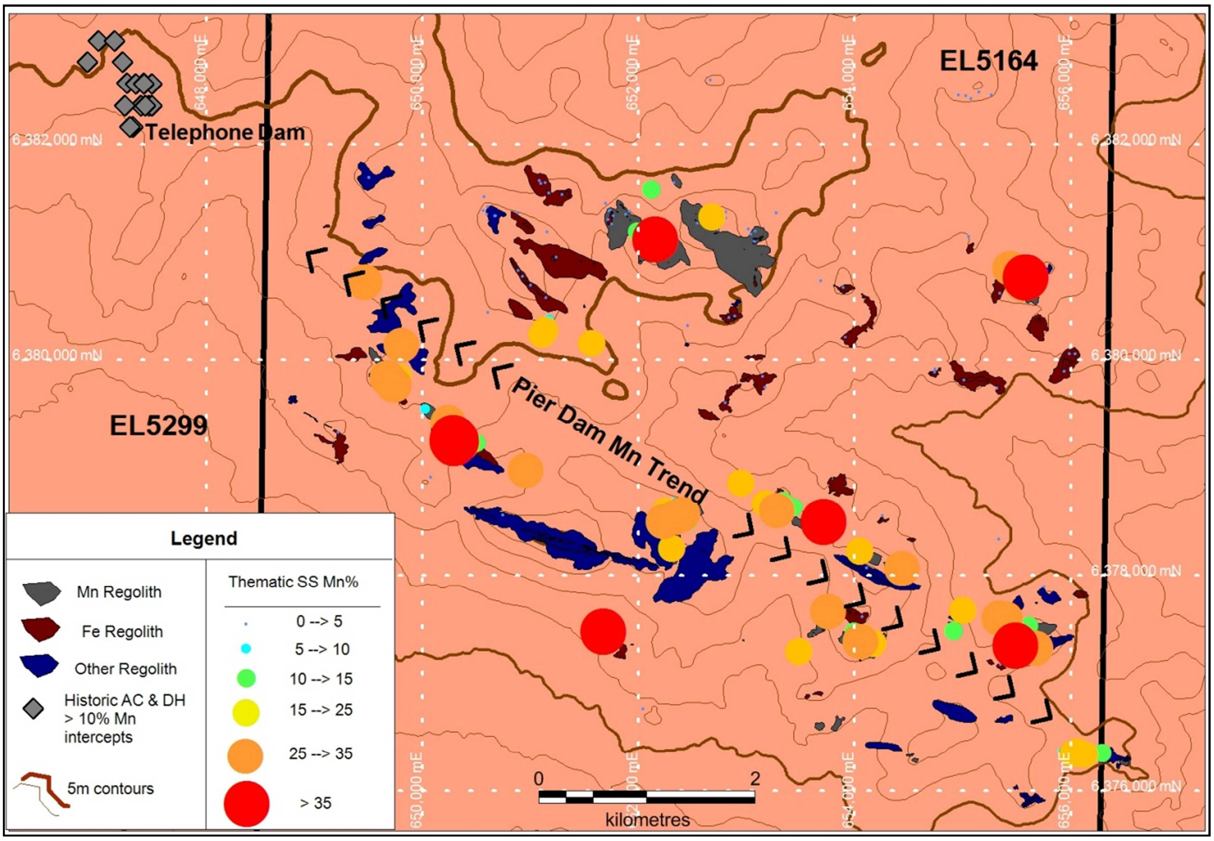

Figure 2: Pier Dam Prospect showing historical manganese results and recent surface rock chip sampling. Circles are coloured and scaled according to manganese values.

Project Overview

Mineral Resource and Ore Reserve Statement

The Company announced the Mineral Reserve on its Wilcherry Hill Iron Ore Project which includes three main prospects areas which are Weednanna (WDA), Weednanna North (WDN) and Ultima Dam East (UDE) on 2 October 2013, compliant to the 2004 JORC code.

Ore Type	Category	Mt	Fe%	SiO_2%	Al_2O_3%	S%	P%	LOI%
Direct Shipping Ore product	Proved	1	57.7	7.8	3.7	0.1	0.03	3.8
	Probable	0.9	56.3	8.4	3.7	0.09	0.03	4.2
	SUB - TOTAL	**1.9**	**57**	**8.1**	**3.7**	**0.08**	**0.03**	**4**
Dry Magnetic Separation product	Proved	0.3	52.8	11.7	2.4	0.07	0.07	4.5
	Probable	0.7	52.5	11.6	2.3	0.1	0.08	4.6
	SUB - TOTAL	**1**	**52.6**	**11.7**	**2.3**	**0.09**	**0.08**	**4.6**
TOTAL	Proved	1.3						
	Probable	1.6						
	TOTAL	**2.9**						

Table 1: Summary of Wilcherry Hill Mineral Reserve, October 2013

The Company reported the Mineral Resource on its Wilcherry Hill Iron Ore Project, which includes Weednanna, Ultima Dam East, Weednanna North and Ultima Dam West, on 8 September 2010, which is compliant to the 2004 JORC code. The Company has since redefined the mineral resource in those prospect areas, in line with 2012 JORC Code as shown on Table 2. The updated Mineral Resource forms the basis for the Mineral Reserve Statement as tabulated on table 1. Ultima Dam West and Hercules were excluded from the reserve study. This new estimate reflects an increased understanding of the ore domains following extensive infill drilling carried out at the above mentioned prospects, generating a refinement of the 3D geological model through the following:

- Infill drilling at main prospect areas at Wilcherry Hill to reduce the drill hole spacing at an average of 12.5m.
- Generation of new wireframes for each of the ore domains based on the infill drilling results.
- Improvement on ore tonnage estimates through better understanding of the relationship between specific gravity and Fe grade per ore domains.

Domain	Classification	Tonnes (millions)	Fe%	Al_2O_3%	SiO_2%	S%	P%	LOI%
WEEDNANNA	MEASURED	2.3	45.76	4.75	16.07	0.41	0.03	4.75
	INDICATED	7.9	40.35	5.1	19.11	0.45	0.03	4.95
	INFERRED	1.0	46.1	5.34	14.89	0.36	0.03	3.95
	TOTAL	**11.2**	**41.97**	**5.05**	**18.11**	**0.43**	**0.03**	**4.82**
WEEDNANNA NORTH	MEASURED	1.2	43.67	5.28	15.63	0.33	0.03	5.73
	INDICATED	5.4	40.88	5.84	17.51	0.31	0.03	5.39
	INFERRED	2.7	34.05	2.97	17.92	0.33	0.02	8.78
	TOTAL	**9.4**	**39.25**	**4.93**	**17.39**	**0.32**	**0.03**	**6.43**

Project Overview

MINERAL RESOURCE AND ORE RESERVE STATEMENT (CONTINUED)

Domain	Classification	Tonnes (millions)	Fe%	Al_2O_3%	SiO_2%	S%	P%	LOI%
ULTIMA DAM EAST NORTH	MEASURED	0.6	47.14	3.84	15.68	0.07	0.04	4.52
	INDICATED	1.7	43.1	4.4	18.86	0.07	0.04	4.99
	TOTAL	**2.3**	**44.16**	**4.26**	**18.03**	**0.07**	**0.04**	**4.87**
ULTIMA DAM EAST SOUTH	INDICATED	3.7	36.35	8.91	21.42	0.12	0.19	12.26
	INFERRED	0.1	32.9	3.57	29.86	0.23	0.15	8.37
	TOTAL	**3.8**	**36.29**	**8.82**	**21.56**	**0.12**	**0.19**	**12.2**
ULTIMA DAM WEST	INDICATED	2.98	34.92	0.86	22.31	0.03	0.02	6.81
	INFERRED	0.21	37.45	1.54	21.06	0.08	0.02	5.06
	TOTAL	**3.19**	**35.09**	**0.91**	**22.23**	**0.03**	**0.02**	**6.7**
HERCULES*	INFERRED	193.9	27.11	2.62	44.70	0.08	0.19	4.83
	TOTAL	**193.9**	**27.11**	**2.62**	**44.70**	**0.08**	**0.19**	**4.83**
WH	MEASURED	4.1	45.35	4.77	15.88	0.34	0.03	5.00
	INDICATED	21.7	39.27	5.30	19.53	0.27	0.06	6.57
	INFERRED	197.9	27.31	2.64	44.15	0.08	0.19	4.88
	GRAND TOTAL	**223.7**	**28.80**	**2.93**	**41.25**	**0.11**	**0.17**	**5.05**

Table 2: Summary of Wilcherry Hill (WH) Mineral resource above 25% Fe cut-off grade, May 2013. *Hercules Mineral Resource is reported in line with 2004 JORC code and use no cut- off grade.

The Company conducts regular reviews of its Mineral Resource and Reserve estimates. It ensures that any Mineral Resource and Reserve calculations are prepared by Competent Person(s) and are reviewed independently where appropriate. As the reserve estimate was finalised in October 2013, the Company is yet to conduct an annual review of its reserve estimate. The Mineral Resource remains unchanged.

Corporate

Share rights

On 10 February 2014, 300,000 share rights were granted with an expiry date of 31 July 2014.

Directors' Report

Your directors present their report on IronClad Mining Limited (the "Company") and of the Group being the Company and its controlled entity for the financial year ended 30 June 2014.

Directors

The names of directors in office at any time during or since the end of the year are:

Ian D. Finch

Robert Mencel

Neil W. McKay

Peter W. Rowe

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Neil McKay — Bachelor of Business

Principal Activities

The principal activities of the Group during the financial year were mineral exploration and project development.

There were no significant changes in the nature of the principal activities during the financial year.

Operating Results and Financial Review

Profit and loss

The Group's loss after providing for income tax amounted to $24,060,159 (2013: profit of $1,047,309) which includes mine development expenditure of $20,705,048 written off in light of current uncertainty over iron ore spot prices.

The Group continues to work towards advancing the project for production, including tendering for the supply of mining services, with the long term view that iron ore prices will stabilise.

Financial Position

The directors believe the Group is in a stable financial position to expand and grow its current operations. The Group's net assets as at 30 June 2014 are $10,878,792 (2013: $34,903,251).

Liquidity and capital resources

The Company's principal source of liquidity as at 30 June 2014 is cash of $1,926,306 (2013: $4,967,241). None of which (2013: $nil) has been placed on short term deposit. The Company's main source of cash during the year is the receipt of research and development rebate in relation to the year ended 30 June 2013.

Dividends Paid or Recommended

No amounts have been paid or declared by way of dividends by the Company since the end of the previous financial period and up until the date of this report. The directors do not recommend the payment of any dividend for the financial year ended 30 June 2014.

Review of Operations

- The company received $3.2 million in Research and Development (R&D) Rebate.
- Obtained final approval from the Government of South Australia for the Company's planned development at the port of Lucky Bay.
- Entered joint venture agreement with Trafford Resources Ltd whereby the Company has a right to earn an 80% interest in all Manganese over the Wilcherry Hill Project area. A 2,400m reverse circulation drilling program was undertaken in May 2014.

Significant Changes in State of Affairs

There was no significant change in the state of affairs of the Group that occurred during the financial year under review that is not mentioned elsewhere in this report or listed below.

After Balance Date Events

There has been no significant event after balance date.

Future Developments, Prospects and Business Strategies

To maximise shareholder wealth, the following developments are intended to be implemented in the near future:

i. Commence mining stage 1 - direct ship iron ore/ dry magnetic separation concentrate.

ii. Delineate additional near surface high grade iron ore resources.

iii. Investigate potential synergies available by including the mining of other minerals within the Wilcherry Hill Iron Ore Project.

Environmental Issues

The Group's operations are subject to environmental regulation under the law of the Commonwealth and State in relation to exploration activities. Details of the Group's performance in relation to environmental regulations follow.

National Greenhouse and Energy Reporting Guidelines

The Group is subject to the conditions imposed by the registration and reporting requirements of the *National Greenhouse Gas and Energy Reporting Act 2007* (the NGER Act), and is registered with the Greenhouse and Energy Data Office. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Group either for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

Energy Efficiency Opportunities Guidelines

The Group is not subject to the conditions imposed by the registration and reporting requirements of the *Energy Efficiency Opportunities Act 2006* in the current financial year as its energy consumption was below the 0.5 petajoule registration threshold.

If the Group exceeds this threshold in future reporting periods, it will be required to register with the Department of Resources, Energy and Tourism and complete an Energy Savings Action Plan. This plan assesses the energy usage of the Group and identifies opportunities for the Group to reduce its energy consumption.

Clean Energy Act 2011

In November 2011, the Federal Parliament passed the Clean Energy Act 2011, which implements a carbon pricing mechanism from 1 July 2012. Under the mechanism, entities that produce over the threshold level of carbon emissions will be required to purchase permits to offset their carbon emissions.

Director's Report

The Group is not directly impacted by the carbon pricing mechanism because it does not control facilities that produce emissions greater than the threshold level. However, the Group will be indirectly impacted by the mechanism through increases in the prices it pays for energy and materials purchased from suppliers that are impacted by the introduction of the mechanism. The Group also anticipates that it will experience an increase in expenditures related to waste disposal under the carbon pricing mechanism, although any future increases in such costs are likely to be less significant than the anticipated increases in energy and material costs.

Management of the Group has considered whether the introduction of the carbon pricing mechanism is an impairment indicator and has determined that it is not expected to have a significant impact on the estimated net cash flows of the Group's operations or the recoverability of its assets, principally because the Group has the capacity to pass on any increases in production costs through its contracts with customers.

Information on Directors

Ian D Finch	Executive Chairman
Qualifications	BSc (Hons) in Geology from the University of Birmingham (England), a Member of the Australasian Institute of Mining and Metallurgy, and a Member of the Australian Institute of Company Directors.
Experience	Mr Finch's career spans 44 years of mining and exploration. He worked extensively throughout Southern Africa between 1970 and 1981 – from the Zambian Copper Belt and Zimbabwean Nickel and Chrome fields to the Witwatersrand Gold Mines in South Africa. In 1981 he joined CRA Exploration as a Principal Geologist, before joining Bond Gold as its Chief Geologist in 1987. In these roles he was instrumental in the discovery and development of several new gold and copper/gold resources in Australia. In 1993 Mr Finch established Taipan Resources Ltd, a company which successfully pioneered the exploration for large gold deposits in the Ashburton District of Western Australia – when it was discovered a resource of approximately 1.0 million ounces at the Paulsen's Project. In 1999 Mr Finch founded Templar Resources Limited, now a 100% owned subsidiary of Canadian Listed company Goldminco Corporation. As President/CEO for Goldminco until May 2005, Mr Finch established an extensive exploration portfolio in New South Wales where the Company is actively exploring for large porphyry copper / gold deposits. During his presidency Mr Finch forged strong strategic ties with major mining houses and financial institutions in Vancouver, Toronto and London. Mr Finch was Chairman of Bannerman Resources Limited from 30 May 2005 until 26 May 2006.
Interest in Shares	192,141 fully paid ordinary shares.
Interest in Options	Nil.
Directorships held in other listed entities	Managing Director of Trafford Resources Limited and Director of Orinoco Gold Limited.

Robert Mencel	Managing Director
Qualifications	Bachelor of Engineering in Mining Engineering and Masters in Business Administration
Experience	Mr. Mencel has previously held senior positions with Mount Gibson Iron, Tenix Projects, Tenix Defence, Western Mining Corporation and Normandy Mining (now Newmont).
Interest in Shares and Options	Nil.
Directorships held in other listed entities	None.

Neil W. McKay	Non-Executive Director and Company Secretary
Qualifications	Bachelor of Business
Experience	Mr. McKay is a former Chartered Accountant and has been involved in the resources industry for more than 28 years. He has been Company Secretary for several listed resource public companies and held senior administrative and accounting positions for a number of other resource companies. Since 1995, he has operated as an independent consultant, specialising in the incorporation and administration of resource companies with special focus in South East Asia. For the last two years, he has divided his time between Australia where he provides consultation to various public companies, and South East Asia where he continues his involvement.
Interest in Shares	19,800 fully paid ordinary shares.
Interest in Options	Nil.
Directorships held in other listed entities	Director of Trafford Resources Limited.

Peter W. Rowe	Non-Executive Director
Qualifications	B.Sc. (Chem Eng), FAusIMM, FAICD
Experience	Mr Rowe has extensive mining experience over a 35 year career in Australia and South Africa. Following 20 years with Anglo American and De Beers, he moved to Australia where he held a number of senior managerial positions. These included project director of the Fimiston expansion (Kalgoorlie Superpit), general manager of the Boddington Gold Mine and of the Boddington Expansion Project and managing director and CEO of Bulong Nickel. He joined AngloGold Ashanti Australia and transferred to Johannesburg in 2006, until retiring from his position as executive vice president – business effectiveness, and returned to Australia.
Interest in Shares	Nil
Interest in Options	Nil
Directorships held in other listed entities	Millennium Minerals Limited (resigned on 28 April 2014)

Meetings of Directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Held	Attended	Eligible to attend
Ian Finch	12	12	12
Robert Mencel	12	12	12
Neil McKay	12	12	12
Peter Rowe	12	12	12

Indemnifying Officer

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer or agent of the Group shall be indemnified out of the property of the Group against any liability incurred by him in his capacity as Officer or agent of the Group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The amount paid for this indemnity was $13,653.

Options

At the date of this report, there are no unissued ordinary shares of IronClad Mining Limited under option.

Proceedings on Behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any other proceedings during the year.

Non-audit Services

The board of directors is satisfied that the provision of non-audit services performed during the year by the Group's auditors, Bentleys (WA) Pty Ltd, is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No other fees were paid or payable to the auditors for non-audit services performed during the year except for a fee of $17,400 (2013: $46,215) paid for taxation services.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C for the year ended 30 June 2014 has been received and can be found on page 20 of the directors' report.

Consent of Competent Persons

The information in this report that relates to Mineral Resource and Ore Reserve is based on and fairly represents information and supporting documentation prepared by Rindra Le Grange, who is a Member of The Australasian Institute of Mining and Metallurgy and who has more than five years' experience in the field of activity being reported on. Ms Le Grange is a part time employee of Trafford Resources.

Ms. Le Grange has sufficient experience which is relevant to the style of mineralisation and type of deposit 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'. Ms. Le Grange consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each key management person of the Group.

Remuneration policy

The remuneration policy of IronClad Mining Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of IronClad Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best people to run and manage the Company, as well as create goal congruence between directors and shareholders.

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

- The remuneration policy, setting the terms and conditions for the executive directors and other senior staff members, was developed by the Company Secretary and approved by the board after seeking professional advice from independent external consultants, where appropriate.
- In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and share plans. Independent advice is obtained, where appropriate, to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators have been met.
- Incentives paid in the form of options or shares rights are intended to align the interests of directors and company with those of the shareholders.

The Group is an exploration and development entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. The founding directors were issued shares and options as part of the terms of the Initial Public Offer. The directors have retained these securities which assist in aligning their objectives with overall shareholder value.

Further performance incentives will be issued in the event that the Group moves from an exploration to a producing entity, and key performance indicators such as schedule, capital costs, profits and growth can be used as measurements for assessing Board performance.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5% (9.25% for the financial year ended 30 June 2014) and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board in consultation with independent advisors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. 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 company and are able to participate in the employee incentive scheme. Options granted under the scheme do not carry dividend or voting rights.

Group Performance, Shareholder Wealth and Directors' and Executives Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This has been achieved by the issue of equity related incentive to the majority of directors and executives to encourage the alignment of personal and shareholder interest.

The Group has not included the 5-year group performance summary because for a group involved in exploration, evaluation and development, the information would not reflect the true performance of directors and executives.

Names and positions held of the entity's key management personnel in office at any time during the financial year are:

Ian Finch	Executive Chairman
Robert Mencel	Managing Director
Neil McKay	Non-Executive Director
Peter Rowe	Non-Executive Director

Employment Contracts of Executive Directors

The Group has entered into contract with its key management personnel that are unlimited in term but capable of termination with 6 months' notice and that the Group retains the right to terminate the contract immediately, by making payment in lieu of notice.

The contract of employment with the Managing Director specifies his duties and obligations. In general, the terms of that contract are as follows:

- The contract is not for a specific term.
- The personnel may resign from his position and thus terminate this contract by giving 3 months written notice.
- The Company is required to give 6 months' notice to terminate the employment agreement if on a without cause basis.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred.

Director's Report

Details of Remuneration for Year Ended 30 June 2014

The remuneration for each director and executive of the Group during the period was as follows:

2014

	Salary, Fees and Commissions	Director's Fee	Cash Bonus	Super-annuation Contribution	Termination	Options (iii)	Total	Represented by Options
	$	$	$	$	$	$	$	%
Directors								
Ian Finch	220,300	-	-	20,378	-	-	240,678	-
Robert Mencel	391,792	-	-	36,241	-	-	428,033	-
Neil McKay	74,636	48,767	-	11,415	-	-	134,818	-
Peter Rowe	-	50,353	-	4,658	-	-	55,011	-
	686,728	**99,120**	**-**	**72,692**	**-**	**-**	**858,540**	

2013

	Salary, Fees and commissions	Director's Fee	Cash Bonus	Super-annuation Contribution	Termination	Options (iii)	Total	Represented by Options
	$	$	$	$	$	$	$	%
Directors								
Ian Finch	224,037	-	-	20,163	-	-	244,200	-
Robert Mencel (i)	400,000	-	-	36,000	-	-	436,000	-
Wayne Richards (ii)	41,895	-	-	3,403	222,479	-	267,777	-
Neil McKay	55,045	50,459	-	9,495	-	-	114,999	-
Peter Rowe	-	50,459	-	4,541	-	-	55,000	-
	720,977	**100,918**	**-**	**73,602**	**222,479**	**-**	**1,117,976**	

(i) Appointed as Managing Director on 1 January 2013.

(ii) Resigned on 27 July 2012.

(iii) The fair value of the options is calculated at grant date using Black-Scholes model.

Share-based payments as part of remuneration

Options and share rights are issued to directors and executives as part of their remuneration and are issued based on performance or price criteria to increase goal congruence between executives, directors and shareholders. When the performance or price criteria are met, all options and share rights can then be converted into ordinary shares only on a 1:1 basis.

Shares Issued on Exercise of Compensation Options or Share Rights

None of the compensation options and share rights issued has been exercised during the current and prior financial years.

Director's Report

Options: Granted and vested during the year

2014	**Granted**							**Vested**
			Terms and conditions for each grant					
	Number	**Date**	**Fair Value/ Option $**	**Exercise Price $**	**Expiry Date**	**First exercise date**	**Last exercise date**	**Number**
Directors								
Ian Finch	-	-	-	-	-	-	-	-
Robert Mencel	-	-	-	-	-	-	-	-
Neil McKay	-	-	-	-	-	-	-	-
Peter Rowe	-	-	-	-	-	-	-	-
	-							-

2013	**Granted**							**Vested**
			Terms and conditions for each grant					
	Number	**Date**	**Fair Value/ Option $**	**Exercise Price $**	**Expiry Date**	**First exercise date**	**Last exercise date**	**Number**
Directors								
Ian Finch	-	-	-	-	-	-	-	-
Robert Mencel	-	-	-	-	-	-	-	-
Wayne Richards	-	-	-	-	-	-	-	-
Neil McKay	-	-	-	-	-	-	-	-
Peter Rowe	-	-	-	-	-	-	-	-
	-							-

Number of Shares Held by Key Management Personnel

2014	**Balance 1.7.2013**	**Granted As Compensation**	**Purchased**	**Options Exercised**	**Net Change Other***	**Balance 30.6.2014**
Ian Finch	192,141	-	-	-	-	192,141
Neil McKay	19,800	-	-	-	-	19,800
Peter Rowe	-	-	-	-	-	-
Robert Mencel	-	-	-	-	-	-
Total	**211,941**	**-**	**-**	**-**	**-**	**211,941**

2013	**Balance 1.7.2012**	**Granted As Compensation**	**Purchased**	**Options Exercised**	**Net Change Other***	**Balance 30.6.2013**
Ian Finch	132,379	-	59,762	-	-	192,141
Neil McKay	19,800	-	-	-	-	19,800
Peter Rowe	-	-	-	-	-	-
Robert Mencel	-	-	-	-	-	-
Total	**152,179**	**-**	**59,762**	**-**	**-**	**211,941**

Director's Report

Number of Options Held by Key Management Personnel

2014	**Balance 1.7.2013**	**Granted As Compensation**	**Exercised**	**Net Change Other***	**Balance 30.6.2014**	**Unvested and not exercisable**
Ian Finch	-	-	-	-	-	-
Wayne Richards	-	-	-	-	-	-
Neil McKay	-	-	-	-	-	-
Peter Rowe	-	-	-	-	-	-
Robert Mencel	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

2013	**Balance 1.7.2012**	**Granted As Compensation**	**Exercised**	**Net Change Other***	**Balance 30.6.2013**	**Unvested and not exercisable**
Ian Finch	-	-	-	-	-	-
Wayne Richards	-	-	-	-	-	-
Neil McKay	-	-	-	-	-	-
Peter Rowe	400,000	-	-	(400,000)	-	-
Robert Mencel	-	-	-	-	-	-
Total	**400,000**	**-**	**-**	**(400,000)**	**-**	**-**

*Net Change Other refers to shares/options purchased, sold or expired during the financial year.
The fair value of the options is determined using Black-Scholes option pricing method, detailed in Note 18.

Signed in accordance with a resolution of the Board of Directors.

Robert Mencel
Managing Director
Dated this 30th day of September 2014

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth WA 6005
Australia
PO Box 44
West Perth WA 6872
Australia
ABN 33 121 222 802
T +61 8 9226 4500
F +61 8 9226 4300
bentleys.com.au

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of IronClad Mining Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended 30 June 2014

	Notes	2014 $	2013 $
Revenue and other income	2	95,061	363,495
Administrative expense		(57,942)	(114,373)
Consultancy expenses		(338,927)	(415,947)
Compliance and regulatory expenses		(39,995)	(49,205)
Depreciation and amortisation		(17,767)	(18,568)
Director fees		(100,696)	(96,101)
Share-based payment	18	(35,700)	-
Legal fees		(5,613)	(37,970)
Finance costs		(16,276)	(173,127)
Occupancy costs		(180,958)	(185,479)
Public relation costs		(26,955)	(85,999)
Staffing costs		(1,828,396)	(1,057,750)
Asset impairment	10	(2,901,180)	(1,072,798)
Development costs written off	12	(20,705,048)	-
Exploration costs written off		(969,381)	(916,638)
Other expenses from ordinary activities		(142,792)	(216,224)
Loss before income tax		(27,272,565)	(4,076,684)
Income tax benefit	3	3,212,406	5,123,993
Profit / (loss) for the year		(24,060,159)	1,047,309
Other comprehensive income		-	-
Total comprehensive income		**(24,060,159)**	**1,047,309**
Basic gain / (loss) per share (cents per share)	6	(22.30)	0.97

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position
As At 30 June 2014

	Note	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,926,306	4,967,241
Trade and other receivables	8	89,405	48,868
Assets classified as held for sale	10	2,123,143	5,948,680
TOTAL CURRENT ASSETS		4,138,854	10,964,789
NON-CURRENT ASSETS			
Trade and other receivables	8	442,943	445,935
Property, plant and equipment	9	7,363,425	7,500,817
Exploration and evaluation expenditure	11	250,000	-
Mine development expenditure	12	-	17,497,956
TOTAL NON-CURRENT ASSETS		8,056,368	25,444,708
TOTAL ASSETS		**12,195,222**	**36,409,497**
CURRENT LIABILITIES			
Trade and other payables	13	1,189,650	1,331,629
Provisions	14	126,780	174,617
TOTAL CURRENT LIABILITIES		1,316,430	1,506,246
TOTAL LIABILITIES		**1,316,430**	**1,506,246**
NET ASSETS		**10,878,792**	**34,903,251**
EQUITY			
Issued capital	15	69,365,041	69,365,041
Share-based payment reserve	16	2,834,224	2,798,524
Accumulated losses		(61,320,473)	(37,260,314)
TOTAL EQUITY		**10,878,792**	**34,903,251**

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For Year Ended 30 June 2014

	Note	Issued Capital	Accumulated Losses	Share-Based Payment Reserve	Total
		$	$	$	$
Balance at 1 July 2013		**69,365,041**	**(37,260,314)**	**2,798,524**	**34,903,251**
Loss for the year		-	(24,060,159)	-	(24,060,159)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	(24,060,159)	-	(24,060,159)
Transaction with owners, in the capacity as owners, and other transfers					
Share options or rights issued		-	-	35,700	35,700
Forfeited options of directors and employees		-	-	-	-
Shares issued during the year		-	-	-	-
Transaction costs in relation to prior year		-	-	-	-
Balance at 30 June 2014	15	**69,365,041**	**(61,320,473)**	**2,834,224**	**10,878,792**
Balance at 1 July 2012		**69,377,689**	**(38,307,623)**	**2,798,524**	**33,868,590**
Profit for the year		-	1,047,309	-	1,047,309
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	1,047,309	-	1,047,309
Transaction with owners, in the capacity as owners, and other transfers					
Share options or rights issued		-	-	-	-
Forfeited options of directors and employees		-	-	-	-
Shares issued during the year		-	-	-	-
Transaction costs		(12,648)	-	-	(12,648)
Balance at 30 June 2013	15	**69,365,041**	**(37,260,314)**	**2,798,524**	**34,903,251**

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For Year Ended 30 June 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments for exploration and evaluation activity		(891,237)	(879,918)
Payments to suppliers and employees		(2,763,509)	(2,244,042)
Interest received		95,811	332,323
Interest and other charges paid		(10,960)	(166,868)
Research and development rebate and other income		3,212,406	5,840,755
Net cash inflows / (outflows) from operating activities	17	(357,489)	2,882,250
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		1,200,000	-
Payments for property, plant and equipment		(177,246)	(2,632,918)
Development of mineral tenements		(3,460,644)	(7,558,618)
Tenement acquisition		(250,000)	-
Net receipts / (payments) for security deposits		2,992	5,505,800
Net cash used in investing activities		(2,684,898)	(4,685,736)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment) of borrowings		1,459	(1,753,664)
Fundraising Costs		-	(12,648)
Net cash provided by (used in) financing activities		1,459	(1,766,312)
Net decrease in cash held		(3,040,928)	(3,569,798)
Cash at beginning of financial year		4,967,241	8,537,019
Effect of exchange rates on cash holdings in foreign currencies		(7)	20
Closing Cash and Cash Equivalents	7	**1,926,306**	**4,967,241**

The accompanying notes form part of these consolidated financial statements.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers the economic entity of IronClad Mining Limited and controlled entities (the "Group"). IronClad Mining Limited is a listed public company, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial report was authorised for issue in accordance with a resolution of the directors on 30th September 2014.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

The Group made a loss for the year of $24,060,159 (2013: profit of $1,047,309), which included $20,705,048 (2013: $nil) mine development expenditure written off offset by $3,212,406 (2013: $5,123,993) research and development rebate received. Net cash outflows for the year was $3,040,928 (2013: $3,569,798).

As at 30 June 2014, the Group has a working capital of $699,281 (2013: $3,509,863).

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure additional funds and developing its mineral assets.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- The Directors have an appropriate plan to sell the assets classified as held for sale;
- The Directors have an appropriate plan to claim research and development rebate for the 2014 financial year;
- The Directors have an appropriate plan to raise additional funds as and when they are required. In light of the Group's current exploration and project development, the Directors believe that the additional capital required can be raised in the market; and
- The Directors have an appropriate plan to contain certain expenditure if appropriate funding is unavailable.

Should the Group not achieve the matters set out above, there is material uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a. **Principles of Consolidation**

The consolidated financial statements comprise the financial statements of IronClad Mining Ltd and its subsidiaries as at 30 June 2014.

Subsidiaries are all those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

In preparing the consolidated financial statements all intra-group balances and transactions, income, expenses and profit and loss resulting from intra-group transactions have been eliminated in full.

Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

b. **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 income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax liabilities and assets are not recognised for temporary differences between carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

Research and development costs are claimed as a rebate with the corresponding refund shown as an income tax benefit for the year.

c. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the consolidated statement of comprehensive income.

d. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.

Plant and equipment under construction are valued at cost. Upon commissioning, which is the date when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management, the assets are allocated into the relevant plant and equipment category for depreciation purposes.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the date of commissioning. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Motor Vehicles	20%
Plant and Equipment	20 – 33%
Computer Equipment	20 – 33%
Under Construction	0%

Paintings are not depreciated and are held at cost subject to revaluation at fair value.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to the Group, are classified as finance leases.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f. **Earnings Per Share**

Basic earnings per share ("EPS") is calculated as the profit / (loss) attributable to the equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus entitlements in ordinary shares issued during the year.

g. **Revenue Recognition**

Revenue is measured at the fair value of the gross consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

h. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks with an original maturity of three months or less. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

i. **Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

j. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k. **Impairment of Assets**

At the end of each reporting period the Group assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of profit or loss and other comprehensive income.

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

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

l. **Joint Venture Entities**

A joint venture entity is an entity in which the Group holds a long-term interest and which is jointly controlled by the Group and one or more other venturers. Decisions regarding the financial and operating policies essential to the activities, economic performance and financial position of that venture require the consent of each of the venturers that together jointly control the entity.

The results and assets and liabilities of the joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

m. **Financial Instruments**

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs in relation to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. *Loans and Receivables*

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are quoted in an active market are subsequently measured at amortised cost.

Loans and Receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as current assets).

iii. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

iv. *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

v. *Held to maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held to maturity investment are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held to maturity investments before maturity, the entire held to maturity investments category would be tainted and reclassified as available-for-sale.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the consolidated statement of comprehensive income.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled, or expired. The difference between carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

n. **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event for which, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of its provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o. **Share-Based Payment Transactions**

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

There is currently an Employee Incentive Scheme, which provides benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes option pricing model, further details of which are given in note 18.

In valuing equity-settled transactions, the amount recognised as an expense is adjusted to reflect the related service and non-market vesting conditions on the probability that they are expected to be met.

p. **Trade and Other Payables**

Trade and other payables are carried at cost and represent the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

q. **Mine Development Expenditure**

Mines under construction

Upon transfer of "Exploration and evaluation expenditure" into "Mines under construction" within "Mine development expenditure", all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised within "Mines under construction". Development expenditure is net of proceeds from all, but the incidental sale of ore extracted during the development phase. After production starts, all assets included in "Mines under construction" are transferred to "Producing mines" within "Mine development expenditure".

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred stripping

Overburden and other mine waste materials are often removed during the initial development of a mine in order to access the mineral deposit. This activity is referred to as development stripping. The directly attributable costs (inclusive of an allocation of relevant overhead expenditure) are capitalised as development costs. Capitalisation of development stripping costs ceases and amortisation of those capitalised costs commences when the strip ratio reaches the life of mine strip ratio. Amortisation of capitalised development stripping costs is determined on a unit of production basis over the life of the mine.

Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping, (i.e., overburden and other waste removal) of the second and subsequent pits are deferred to the extent that the current period ratio exceeds the life of the mine strip ratio The amount of stripping costs deferred is based on the strip ratio obtained by dividing the tonnage of waste mined either by the quantity of ore mined or by the quantity of minerals contained in the ore.

Capitalised development stripping costs are classified as 'Mine Development Expenditure'. Development stripping costs are considered in combination with other assets of an operation for the purpose of undertaking impairment assessments.

Removal of waste material normally continues throughout the life of a mine. This activity is referred to as production stripping and commences upon extraction of ore.

The costs of production stripping are charged to the statement of comprehensive income as operating costs.

r. **Other Intangible Assets**

Other intangible assets include computer software.

Intangible assets acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable cost of preparing the asset for its intended use. Following initial recognition, intangible assets are carried at cost less accumulated amortisation on a straight line basis over their useful lives.

s. **Contingencies**

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involved the exercise of significant judgement and estimates of the outcome of future events.

t. **Borrowing Costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

u. **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates and judgements:

Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes option pricing model, using the assumptions detailed in Note 18.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Exploration and evaluation costs

Exploration and evaluation expenditure in regards to acquisition costs incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at reporting period date reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

Environmental Issues

Balances disclosed in the consolidated financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Ore reserve and resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves based on information compiled by appropriately qualified persons relating to the geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, provision for rehabilitation, and depreciation and amortisation charges.

Taxation

Balances disclosed in the consolidated financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its consolidated financial statements, a consolidated statement of financial position as at the beginning of the earliest comparative period will be disclosed.

v. **Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

w. Application of New and Revised Accounting Standards

New and revised AASB's affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of new and revised AASB's issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective from an accounting period on or after 1 January 2013.

The Group has applied AASB 13 'Fair Value Measurement' for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

In addition, standards on consolidation, joint arrangements, associates and disclosures were adopted. The impact of the application of these standards is not material.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Group does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non Financial Assets'	1 January 2014	30 June 2015
AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

Notes to the Financial Statements

NOTE 2: REVENUE AND OTHER INCOME

	2014 $	2013 $
Interest earned	95,061	301,575
Other	-	61,920
	95,061	**363,495**

NOTE 3: INCOME TAX

(a) **Income tax benefit**

Current tax	(3,212,406)	(5,123,993)
Deferred tax	-	-
	(3,212,406)	**(5,123,993)**
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	290,117	3,576,671
Increase/(decrease) in deferred tax liabilities	(290,117)	(3,576,671)
	-	-

(b) **Reconciliation of income tax expense to prima facie tax payable**

Loss from ordinary activities before income tax	(27,272,565)	(4,076,684)
The prima facie tax refundable on loss from ordinary activities before income tax at 30%	(8,181,769)	(1,223,005)
Add / (Less) Tax effect of:		
Share-based payments	10,710	-
Entertainment	841	547
Non-deductible expenses	7,083,555	608,237
Other deductible expenses	(158,754)	(156,865)
Deferred tax assets not brought to account	1,245,417	771,086
Income tax attributable to operating loss	-	-
Research and development claim refund*	(3,212,406)	(5,123,993)
Income tax benefit	(3,212,406)	(5,123,993)
Applicable weighted average effective tax rates	Nil%	Nil%
Balance of franking account at year end	Nil	Nil

Notes to the Financial Statements

NOTE 3: INCOME TAX (CONTINUED)

	2014 $	2013 $
(c) **Deferred tax assets**		
Tax losses	13,073,453	10,659,707
Mine development ependiture	6,136,514	-
Provisions and accruals	195,356	218,399
Capital raising costs	236,813	546,806
Other	36,735	48,469
	19,678,871	11,473,381
Set-off deferred tax liabilities	(41,778)	(331,895)
Net deferred tax assets	19,637,093	11,141,486
Less: deferred tax assets not recognised	(19,637,093)	(11,141,486)
Net tax assets	-	-
(d) **Deferred tax liabilities**		
Exploration expenditure	-	292,925
Other	41,778	38,970
	41,778	331,895
Set-off deferred tax assets	(41,778)	(331,895)
Net deferred tax assets	-	-
(e) **Tax losses**		
Unused tax losses for which no deferred tax asset has been recognised	43,578,177	39,239,224

(f) The potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2014 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised.

ii) The Group complies with the conditions for deductibility imposed by the law; and

iii) No changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the loss.

Notes to the Financial Statements

NOTE 4: KEY MANAGEMENT PERSONNEL

Remuneration to the Group's key management personnel can be in the form of cash, options and share rights. Refer to the Remuneration Report contained in the Directors' Report for further details.

a. **Remuneration for Key Management Personnel**

	2014 $	**2013 $**
Short term employment benefits	785,848	821,895
Post employment benefits	72,692	73,602
Long-term benefits	-	-
Share-based payments	-	-
Termination payments	-	222,479
Total remuneration	**858,540**	**1,117,976**

NOTE 5: AUDITORS' REMUNERATION

	2014 $	**2013 $**
Remuneration of the auditor of the Group for:		
— Auditing and reviewing financial reports	41,000	39,500
— Other services	17,400	46,215
	58,400	**85,715**

NOTE 6: EARNINGS PER SHARE (EPS)

Basic earnings per share

The calculation of basic earnings per share is based on the profit/ (loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding as follows:

	2014 $	**2013 $**
Profit / (Loss) attributable to ordinary shareholders	(24,060,159)	1,047,309
	No.	**No.**
Weighted average number of ordinary shares	107,903,871	107,903,871

Diluted earnings per share

There were potentially dilutive options on issue at balance date. However, given the Company has made a loss, there is no dilution of earnings hence the diluted loss per share is the same as basic loss per share.

Notes to the Financial Statements

	2014 $	2013 $
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	6,472	7,252
Short-term bank deposits	1,919,834	4,959,989
	1,926,306	**4,967,241**

Cash at bank and short term bank deposits earn interest at floating rate based on daily bank deposit rates.

NOTE 8: TRADE AND OTHER RECEIVABLES		
CURRENT		
GST receivable	27,894	31,543
Interest receivable	625	1,375
Other	60,886	15,950
	89,405	**48,868**
NON-CURRENT		
Environmental bond	300,000	300,000
Office bond – Adelaide	27,786	30,778
Office bond – Perth	99,957	99,957
Other bonds	15,200	15,200
	442,943	**445,935**

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within this note.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2014 $	2013 $
RESIDENTIAL CAMP		
At cost	5,056,585	5,056,585
Accumulated depreciation	-	-
	5,056,585	**5,056,585**
(a) Reconciliation		
Carrying amount at beginning of period	5,056,585	5,056,651
Transfer from assets under construction	-	-
Transfer to mine development expenditure	-	(66)
Depreciation expense	-	-
Carrying amount at end of period	**5,056,585**	**5,056,585**

Notes to the Financial Statements

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

PLANT AND EQUIPMENT

	2014 $	2013 $
At cost	1,941,856	857,858
Accumulated depreciation	(745,877)	(606,883)
	1,195,979	**250,975**

(b) Reconciliation

	2014 $	2013 $
Carrying amount at beginning of period	250,975	264,024
Transfer from assets under construction	1,083,034	-
Equipment additions	965	161,210
Depreciation expense	(138,995)	(174,259)
Carrying amount at end of period	**1,195,979**	**250,975**

UNDER CONSTRUCTION

	2014 $	2013 $
At cost	1,110,861	2,193,257
Accumulated depreciation	-	-
	1,110,861	**2,193,257**

(c) Reconciliation

	2014 $	2013 $
Carrying amount at beginning of period	2,193,257	7,570,204
Additions:		
Tug boat	-	84,481
Barge	-	1,644,595
Loader and container	638	175,142
Dry magnetic separation plant	-	26,522
Refund received on unperformed work:		
Dry magnetic separation plant	-	(251,209)
Transfer to assets classified as held for sale:		
Barge	-	(4,748,680)
Tug boat	-	(1,200,000)
Reclassification for constructed assets	(1,083,034)	-
Written-off against consultancy costs	-	(35,000)
Depreciation expense	-	-
Asset impairment		
Tug boat	-	(1,072,798)
Carrying amount at end of period	**1,110,861**	**2,193,257**
Total Property, Plant and Equipment	**7,363,425**	**7,500,817**

There is no plant and equipment of the Group that has been pledged as collateral.

Notes to the Financial Statements

NOTE 10: ASSETS CLASSIFIED AS HELD FOR SALE

	2014 $	2013 $
(a) At cost:		
Tug boat	-	1,200,000
Barge	2,123,143	4,748,680
	2,123,143	**5,948,680**

(b) Reconciliation		
Carrying amount at beginning of period	5,948,680	-
Transfer from assets under construction		
Tug boat	-	1,200,000
Barge	-	4,748,680
Additions:		
Barge	275,643	-
Disposal:		
Tug boat	(1,200,000)	-
Asset impairment		
Barge	(2,901,180)	-
Carrying amount at end of period	**2,123,143**	**5,948,680**

(i) The Group intends to dispose of its barge as it is no longer suitable for its operation methodology. As at 30 June 2014, the Directors believe that the barge is valued at fair value based on offers received for the barge. This is a level 2 hierarchy valuation method.

NOTE 11: EXPLORATION AND EVALUATION EXPENDITURE

Carrying amount at beginning of the period	-	-
Addition:		
Manganese exploration rights at Wilcherry Hill*	250,000	-
Carrying amount at end of period	**250,000**	**-**

* In accordance with manganese joint venture agreement with Trafford Resources Ltd.

NOTE 12: MINE DEVELOPMENT EXPENDITURE

Carrying amount at beginning	17,497,956	10,223,301
Expenditure incurred during the year	3,207,092	7,274,655
Expenditure written off during the year	(20,705,048)	-
Carrying amount at end of period	**-**	**17,497,956**

The above costs relate to the development of the Wilcherry Hill iron ore project located in South Australia to which the Company has an 80% beneficial interest to its iron ore rights.

Notes to the Financial Statements

NOTE 12: MINE DEVELOPMENT EXPENDITURE (CONTINUED)

The Group has assessed its carrying amount of the Mine Development Expenditure, and in light of the current iron ore spot prices as at the date of this report, the Group has taken the conservative view to write off the capitalised development expenditure in its entirety. The directors have the long term view that iron ore prices will stabilise, however, current conditions indicate uncertainty in forecasting the anticipated results. The Group continues to work towards advancing the project for production, including tendering for the supply of mining services.

		2014 $	2013 $
NOTE 13: TRADE AND OTHER PAYABLES			
Accounts payable		542,794	616,688
Accruals		646,856	714,941
		1,189,650	**1,331,629**

Accounts payable are generally non-interest bearing and on 30 day terms. Related entity payable is further discussed in Note 25.

NOTE 14: PROVISIONS			
Employee entitlements	(i)	122,451	161,560
Taxes	(ii)	4,329	2,761
Rehabilitation	(iii)	-	10,296
		126,780	**174,617**
(i) Provision for annual leave payable to employees			
Opening balance		161,560	130,941
Amount Used		(214,679)	(202,327)
Additions		175,570	232,946
Closing balance		**122,451**	**161,560**
(ii) Provision for fringe benefit tax payable			
Opening Balance		2,761	9,000
Amount Used		(29,432)	(39,239)
Additions		31,000	33,000
Closing balance		**4,329**	**2,761**
(iii) Provision for environmental rehabilitation required after drilling			
Opening Balance		10,296	7,000
Amount Used		(20,592)	(33,200)
Additions		10,296	36,496
Closing balance		**-**	**10,296**

Notes to the Financial Statements

NOTE 15: ISSUED CAPITAL

		2014 $	2013 $
a.	**Ordinary shares**		
	At the end of reporting period	69,365,041	69,377,689
	Transaction cost relating to share issues	-	(12,648)
		69,365,041	**69,365,041**

		2014 Number	2013 Number
b.	**Ordinary shares**		
	At the end of reporting period	107,903,871	107,903,871

Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

The Company has fully paid shares of no par value.

For information on relating to share-based payments made to key management personnel during the financial year, refer Note 4: Key Management Personnel, Note 16: Share-Based Payment Reserve, and Note 18: Share-based Payments.

Capital Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The Group's available working capital at 30 June was as follows:

	2014 $	2013 $
Cash and cash equivalents	1,926,306	4,967,241
Trade and other receivables	89,405	48,868
Borrowings, short term provisions, trade and other payables	(1,316,430)	(1,506,246)
	699,281	**3,509,863**

Notes to the Financial Statements

NOTE 16: SHARE-BASED PAYMENT RESERVE

	2014 $	2013 $
Reserves at the beginning of the reporting period	2,798,524	2,798,524
300,000 share rights issued to employee	35,700	-
	2,834,224	**2,798,524**

The share-based payment reserve records items recognised as expenses on valuation of options and share rights issued to directors, employees and consultants.

NOTE 17: CASH FLOW INFORMATION

Reconciliation of net profit / (loss) after income tax to the net cash flows from operations		
- Profit / (loss) for the year	(24,060,159)	1,047,309
Non-cash items		
- Share-based payment	35,700	-
- Asset impairment	2,901,180	1,072,798
- Mine development expenditure written-off	20,705,048	-
- Depreciation and amortisation	17,767	18,568
- Unrealised foreign exchange loss / (gain)	7	(20)
- Interest in borrowings	-	2,920
Changes in operating assets and liabilities		
- Decrease / (Increase) in trade and other receivables	750	685,591
- Increase / (decrease) in trade & other payables	42,218	55,084
Net cash outflows from operating activities	**(357,489)**	**2,882,250**

NOTE 18: SHARE-BASED PAYMENTS

The Company has adopted a scheme called the IronClad Employee Incentive Scheme (Scheme). The purpose of the Scheme is to give employees, directors, executive officers of the Company an opportunity, in the form of options and share rights, to subscribe for ordinary shares in the Company. The Directors consider the Scheme will enable the Company to retain and attract skilled and experienced employees, board members and executive officers and provide them with the motivation to make the Company more successful.

All options and share rights granted to key management personnel confer the right to purchase before the expiry date one ordinary share at the exercise price for every option or share right held.

The Company issued no options (2013: nil) and 300,000 share rights during the financial year.

Notes to the Financial Statements

NOTE 18: SHARE-BASED PAYMENTS (CONTINUED)

OPTIONS

	2014		2013	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at the beginning of the year	-	-	950,000	1.19
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	(950,000)	1.19
Outstanding at year-end	**-**	**-**	**-**	**-**
Exercisable at year-end	**-**	**-**	**-**	**-**

SHARE RIGHTS

Pursuant to the scheme, the Company issued share rights to an employee on 10 February 2014. These rights have an expiry date of 31 July 2014 and will vest upon completion of a bankable feasibility study of the Wilcherry Hill Iron Ore Project on or before the expiry date.

No of Rights	Grant Date	Expiry Date*	Share Price on Grant Date	Discount for Vesting Criteria	Fair Value per Right
300,000	10 Feb 2014	31 Jul 2014	$0.140	15%	$0.119

* The share rights would have lapsed prior to the expiry date upon termination of employment before expiry date.

The share rights were valued based on the price of the Company's shares discounted for market based vesting conditions. Included in the statement of profit or loss and other comprehensive income is share-based payments of $35,700 (2013: $0), which relates to the amortisation of the value of share rights over the vesting period.

NOTE 19: FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments.

The Group does not use any form of derivatives as it does not have an exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors of the Group 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 under procedures approved by the Board of Directors.

Notes to the Financial Statements

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

Treasury Risk Management

The Group is not of a size nor are its financial affairs of such complexity to justify the establishment of a Finance Committee. However, senior executives of the Group analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The main risks arising from the Group's financial instruments are market risk (include interest rate risk), credit risk, and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Market Risk

- Interest Rate Risk

The Group's exposure to market risk relates primarily to interest rate on its cash and cash equivalents and some of its trade and other receivables.

The Group manages interest rate and liquidity risk by monitoring levels of exposure to interest rate and assessment of market forecast for interest rate. It also monitors immediate and forecast cash requirements, to ensure adequate cash reserves are maintained.

The following sensitivity analysis together with mix of financial assets and liabilities exposed to variable interest rate risk in existence at the end of the reporting period after taking into account judgements by management of reasonably possible movements in interest rates after consideration of the view of market commentators over the next twelve months.

Sensitivity Analysis

The following table summarises the sensitivity of the Group's financial assets and liabilities to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with other variables held constant, post tax loss and equity would have been affected as shown.

		Interest Rate Risk -1%		**Interest Rate Risk +1%**	
	Carrying Amount	Net Profit / (Loss) ($)	Equity ($)	Net Profit / (Loss) ($)	Equity ($)
30 June 2014					
Consolidated Cash	1,926,306	(192,631)	(192,631)	192,631	192,631
Environmental bond	300,000	(3,000)	(3,000)	3,000	3,000
Office Bonds	127,743	(1,277)	(1,277)	1,277	1,277
30 June 2013					
Consolidated Cash	4,967,241	(49,672)	(49,672)	49,672	49,672
Environmental bond	300,000	(3,000)	(3,000)	3,000	3,000
Office Bonds	127,743	(1,277)	(1,277)	1,277	1,277

- Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities. The Group does not have significant exposure to price risk.

- Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group. The Group is not significantly exposed to foreign exchange risk, as all financial instruments are held in AUD.

Notes to the Financial Statements

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

Due to the nature of the Group's business (advanced exploration and development), the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the consolidated financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. The Group keeps its cash and cash equivalent with financial institution which has ratings AA or better.

Trade and other receivables

As the Group operates primarily in advanced exploration and development activities, it has limited trade receivables and exposure to credit risk in relation to trade receivables.

The Group where necessary establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management does not expect any counterparty to fail to meet its obligations.

(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 Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows and the maturity profiles of its financial assets and liabilities to manage its liquidity risk.

The Group anticipates a need to raise additional capital in the next 12 months to meet forecast operational and development activities. The decision on how the Group will raise future funds which may include debt and equity will depend on market conditions existing at that time.

Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the consolidated statement of financial position.

Notes to the Financial Statements

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

2014	**Weighted Average Effective Interest Rate %**	**Less than one month**	**1 to 3 Months**	**3 Months to one year**	**1 to 5 Years ($)**	**Total ($)**
Financial Assets						
Non-interest bearing		-	88,781	-	-	88,781
Variable interest rate	2.39	1,926,306	-	-	-	1,926,306
Fixed interest rate	3.43	-	127,743	300,000	-	427,743
		1,926,306	**216,524**	**300,000**	**-**	**2,442,830**
Financial Liabilities						
Non-interest bearing		1,189,650	-	-	-	1,189,650
Variable interest rate		-	-	-	-	-
		1,189,650	**-**	**-**	**-**	**1,189,650**
Net financial assets		**736,656**	**216,524**	**300,000**	**-**	**1,253,180**
2013						
Financial Assets						
Non-interest bearing		-	47,494	-	-	47,494
Variable interest rate	3.00	4,967,241	-	-	-	4,967,241
Fixed interest rate	3.82	-	427,743	-	-	427,743
		4,967,241	**475,237**	**-**	**-**	**5,442,478**
Financial Liabilities						
Non-interest bearing		1,331,629	-	-	-	1,331,629
Variable interest rate		-	-	-	-	-
		1,331,629	**-**	**-**	**-**	**1,331,629**
Net financial assets		**3,635,612**	**475,237**	**-**	**-**	**4,110,849**

(d) Net Fair Values

The net fair value of cash and cash equivalents and non interest bearing monetary financial assets and liabilities approximates their carrying value.

The net fair value of financial assets and financial liabilities is based upon market prices at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Listed equity investments have been valued by reference to market prices prevailing at balance date.

Notes to the Financial Statements

NOTE 20: CONTROLLED ENTITIES

Name of Entity	Principal Activity	Interest 2014	Interest 2013
Coastal Shipping Logistics Pty Ltd	Sea vessel owner and operator to be used for Lucky Bay's transhipping operations	100%	100%

NOTE 21: COMMITMENTS

	2014 $	2013 $
Lease Commitments		
Not longer than one year	474,313	528,522
Longer than one year, but not longer than five years	617,833	967,313
Longer than five years	-	-
	1,092,146	**1,495,835**
Capital Commitments		
Not longer than one year	512,119	536,978
	512,119	**536,978**

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the consolidated statement of financial position may require review to determine appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

NOTE 22: PARENT ENTITY DISCLOSURES

	2014 $	2013 $
a) Financial Position		
Assets		
Current assets	4,138,854	10,964,789
Non-current assets	8,056,368	25,444,708
Total assets	**12,195,222**	**36,409,497**
Liabilities		
Current liabilities	1,316,430	1,506,246
Non-current liabilities	-	-
Total liabilities	**1,316,430**	**1,506,246**
Equity		
Issued capital	69,365,041	69,365,041
Share-based Payment Reserve	2,834,224	2,798,524
Accumulated Losses	(61,320,473)	(36,102,583)
Total Equity	**10,878,792**	**34,903,251**

Notes to the Financial Statements

NOTE 22: PARENT ENTITY DISCLOSURES (CONTINUED)

b) Financial Performance

	2014 **$**	**2013** **$**
Profit / (Loss) for the year	(25,217,890)	2,204,468
Other comprehensive income	-	-
Total comprehensive income	**(25,217,890)**	**2,204,468**

c) Guarantees Entered into by the Parent Entity in Relation to the Debts of its Subsidiaries		
Guarantee provided under the deed of cross guarantee	-	-
d) Contingent Liabilities of the Parent Entity	-	-
e) Commitments for the Acquisition of Property, Plant and Equipment by the Parent Entity		
Plant and equipment		
Not longer than 1 year	-	15,523
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
Total	**-**	**15,523**

Notes to the Financial Statements

NOTE 23: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its exploration projects. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating tenements where the tenements are considered to form a single project. This is indicated by:

- Having the same ownership structure.
- Exploration being focused on the same mineral or type of mineral.
- Exploration programs targeting the tenements as a group, indicated by the use of the same exploration team, and shared geological data, knowledge and confidence across the tenements.
- Shared mining economic considerations such as mineralisation, metallurgy, marketing, legal, environmental, social and government factors.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

*Unallocated item*s

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- income tax expense;
- deferred tax assets and liabilities;
- discontinuing operations.

Notes to the Financial Statements

NOTE 23: OPERATING SEGMENTS (CONTINUED)

	Wilcherry Joint Venture $	Coastal Shipping Logistics P/L $	Manganese Joint Venture $	Total $
(i) Segment performance				
Period ended 30.06.2014				
Segment revenue	**-**	**-**	**-**	**-**
Reconciliation of segment revenue to Group's revenue				
Net interest income				95,061
Total revenue				**95,061**
Segment result	**(20,987,209)**	**(2,972,968)**	**(687,220)**	**(24,647,397)**
Reconciliation of segment result to Group's net loss before tax				
Unallocated items:				
Net corporate Charges				(2,571,701)
Depreciation				(17,767)
Share-based payments				(35,700)
Net loss before income tax				**(27,272,565)**
Period ended 30.06.2013				
Segment revenue	**-**	**-**	**-**	**-**
Reconciliation of segment revenue to Group's revenue				
Net interest income				213,650
Total revenue				**213,650**
Segment result	**(916,638)**	**(1,157,158)**		**(2,073,796)**
Reconciliation of segment result to Group's net loss before tax				
Unallocated items:				
Net corporate Charges				(1,984,320)
Depreciation				(18,568)
Option issue expense				-
Net loss before income tax				**(4,076,684)**

Notes to the Financial Statements

NOTE 23: OPERATING SEGMENTS (CONTINUED)

(ii) Segment assets	Wilcherry Joint Venture $	Coastal Shipping Logistics P/L $	Manganese Joint Venture $	Total $
Period ended 30.06.2014				
Segment assets	7,565,481	2,123,143	250,000	9,938,624
Reconciliation of segment assets to Group's assets				
Unallocated items:				
Cash and cash equivalents				1,926,306
Trade and other receivables				217,349
Property, plant and equipment				112,943
Total assets				**12,195,222**
Additions/(reductions) in segment assets for the year:				
Exploration expenditure	-	-	250,000	250,000
Development expenditure	3,207,092	-	-	3,207,092
Development expenditure written-off	(20,705,048)	-	-	(20,705,048)
Capital expenditure	638	275,643	-	276,281
Asset impairment	-	(2,901,180)	-	(2,901,180)
Asset disposal	-	(1,200,000)	-	(1,200,000)
Total additions/(reductions) in segment assets	**(17,497,318)**	**(3,825,537)**	**250,000**	**(21,072,855)**
Period ended 30.06.2013				
Segment assets	25,062,799	5,948,680		31,011,479
Reconciliation of segment assets to Group's assets				
Unallocated items:				
Cash and cash equivalents				4,967,241
Trade and other receivables				179,802
Property, plant and equipment				250,975
Total assets				**36,409,497**
Additions to segment assets for the year:				
Development expenditure	7,274,655	-		7,274,655
Capital expenditure	(49,611)	621,278		571,667
Other – environmental bond	(5,500,000)	-		(5,500,000)
Total additions to segment assets	**1,725,044**	**621,278**		**2,346,322**

Notes to the Financial Statements

NOTE 23: OPERATING SEGMENTS (CONTINUED)

(iii) Segment liabilities	**Wilcherry Joint Venture**	**Coastal Shipping Logistics P/L**	**Manganese Joint Venture**	**Total**
	$	**$**	**$**	**$**
Period ended 30.06.2014				
Segment liabilities	258,196	550,000	114,865	923,061
Reconciliation of segment liabilities to Group's liabilities				
Unallocated items:				
Trade and other payables				266,589
Provisions				126,780
Total liabilities				**1,316,430**
Period ended 30.06.2013				
Segment liabilities	1,018,673	-		1,018,673
Reconciliation of segment liabilities to Group's liabilities				
Unallocated items:				
Trade and other payables				312,956
Provisions				174,617
Total liabilities				**1,506,246**

All the Group's operation segments are currently located in Australia and it does not have any major external customer as it is currently has not reached production phase.

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no significant event after reporting date.

NOTE 25: RELATED PARTY INFORMATION

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Transactions with related entities:

The Company has an agreement with Trafford Resources Limited whereby the Company could acquire technical and administration services from Trafford Resources Ltd while the Company focused its resources on its development. Invoices for these services are issued to IronClad on a monthly basis. As at 30 June 2014, $68,999 is due to Trafford Resources Ltd for these services.

Manganese Joint Venture

The Company signed a formal Joint Venture agreement with IronClad Mining Ltd (IFE: ASX) whereby IronClad has the right to earn an 80% interest in all manganese over the Wilcherry Hill Project area (EL5299 - Wilcherry Hill, EL4286 - Valley Dam, EL4421 – Peterlumbo and EL5164 – Eurilla Dam) in the north of the Eyre Peninsula of South Australia.

Pursuant to the agreement, the Company received $250,000 from IronClad in relation to the joint venture agreement.

Notes to the Financial Statements

NOTE 26: CONTINGENT LIABILITIES

There are no contingent liabilities outstanding at the end of the year.

NOTE 27: COMPANY DETAILS

The registered office of the company is:

Level 2, 679 Murray Street

West Perth WA 6005

The principal place of business:

307 Pulteney Street

Adelaide SA 5000

Directors' Declaration

The Directors of the company declare that:

1. the consolidated financial statements and notes, as set out on pages 21 to 55 and the remuneration disclosure that are contained in pages 15 to 19 of the Remuneration Report in the Directors' report, are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards and the Corporations Regulations 2001; and
   b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company;
   c. the remuneration disclosures that are contained in pages 15 to 19 of the Remuneration Report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and
   d. are in accordance with International Reporting Standard, issued by the International Accounting Standard Board; and
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b. the financial statements and notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

Robert Mencel
Managing Director
Dated this 30th day of September 2014

Bentleys
THINKING AHEAD

Independent Auditor's Report

To the Members of IronClad Mining Limited

Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth WA 6005
Australia
PO Box 44
West Perth WA 6872
Australia
ABN 33 121 222 802
T +61 8 9226 4500
F +61 8 9226 4300
bentleys.com.au

We have audited the accompanying financial report of IronClad Mining Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report 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, the directors also state, in accordance with Accounting Standards 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. These Auditing 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 judgment, 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 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.

Independent Auditor's Report
To the Members of IronClad Mining Limited *(Continued)*

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Opinion

In our opinion:

a. The financial report of IronClad Mining 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 and the *Corporations Regulations 2001*;

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter on Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a loss for the year of $24,060,159 during the year ended 30 June 2014. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in 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.

Opinion

In our opinion, the Remuneration Report of IronClad Mining Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2014

Additional Information for Listed Public Companies

The distribution of members and their holdings of equity securities in the Company as at 26 September 2014 was as follows:

1. **Shareholding**

a. **Distribution of Shareholders**

Distribution of Shareholders	Number of Holders	Number Ordinary
1 – 1000	255	110,146
1001 - 5000	443	1,284,852
5,001 – 10,000	292	2,309,887
10,001 – 100,000	571	18,097,586
100,001 – and over	113	86,401,400
	1,674	**108,203,871**

b. The number of shareholdings held in less than marketable parcels is 783.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholders	Number Ordinary
Trafford Resources Limited	28,775,445
New Page Investments Limited	7,500,000

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

— Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. **20 Largest Shareholders — Ordinary Shares**

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Trafford Resources Limited	28,775,445	26.59
2.	New Pages Investments Limited	7,500,000	6.93
3.	Admark Investments Pty Limited	4,328,325	4.00
4.	Hanlong Metals Limited	3,780,000	3.49
5.	HSBC Custody Nominees (Australia) Limited	3,627,974	3.35
6.	Mahsor Holdings Pty Limited <Rosham Family Super A/C>	2,610,000	2.41
7.	Mahsor Holdings Pty Limited <Rosham Family S/F No2 A/C>	2,300,000	2.13
8.	Citicorp Nominees Pty Ltd	1,675,711	1.55
9.	Maniciti Pte Ltd	1,399,000	1.29
10.	Flue Holdings Pty Limited	1,226,312	1.13
11.	J P Morgan Nominees Australia Limited	1,104,574	1.02
12.	Pennock Pty Ltd	1,000,000	0.92
13.	Mr. Daryl Kenneth Miller & Mrs. Natalie Jane Miller	913,255	0.84

Additional Information For Listed Public Companies (Continued)

e. **20 Largest Shareholders — Ordinary Shares (continued)**

Name		**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
14.	Dr. Salim Cassim	895,275	0.83
15.	Tribal Mining Corporation	879,973	0.81
16.	Walsal Nominees Pty Ltd	872,549	0.81
17.	Mr. Michael John Williams & Mrs Katrina Elfreda Williams	832,667	0.77
18.	Seivad Investments Pty Ltd	799,901	0.74
19.	Dymax Consultants Pty Ltd	771,311	0.71
20.	Ms. Concettina Schiavello	750,000	0.69
		66,042,272	**61.01**

2. The name of the company secretary is Neil W. McKay

3. The address of the registered office in Australia is Level 2, 679 Murray Street, West Perth, W.A. 6005. Telephone + (08) 9485 1040

4. Registers of securities are held at the following addresses

   Western Australia: Advanced Share Registry Ltd. 110 Stirling Highway, Nedlands W.A. 6009

5. **Stock Exchange Listing**

   Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited. The Company's ASX code is IFE.

6. **Unquoted Securities**

   There are currently no options over unissued shares.

Corporate Governance Statement

The Board of Directors of IronClad Mining Limited ("IronClad" or "the Company") is responsible for the Corporate Governance of the Company.

The Company is committed to and support the implementation of the best practice in corporate governance, applied in a manner that is appropriate to the Company's circumstances.

The Company has taken note of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. A second edition titled Corporate Governance Principles and Recommendations with 2010 Amendments was released at 30 June 2010.

Further information about the Company's corporate governance practices, including the relevant information on the Company's charters, code of conduct and other policies and procedures are set out on the Company's website at www.ironcladmining.com .

During the Company's financial year ended 30 June 2014 ("Reporting Period"), unless otherwise stated the Company has followed each of the Principles and Recommendations:

Principle 1	**Lay solid foundations for management and oversight**
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities and functions of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the company to the executive team under the leadership of the Managing Director and Executive Chairman. The Chief Executive Officer and other senior executives are responsible for supporting and assisting the Managing Director and Executive Chairman in implementing the running of the general operations of the Company.
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Each senior executive is required to participate in an annual review process with the Managing Director and Executive Chairman, which assesses individual performance. The Managing Director and Executive Chairman's performance is evaluated by the Board on both informal and formal basis.
1.3 Companies should provide the information indicated in the Guide to Reporting on Principle 1	The Board Charter is available on the Company's website. Annual evaluations of senior executives have been conducted in accordance with the process disclosed.
Principle 2	**Structure of the board to add value**
2.1 A majority of the board should be independent directors	

Name	Position	Expertise	Term of Office
Ian D. Finch	Executive Chairman	Commercial and Exploration	Appointed 19 April 2007 86 months
Robert Mencel	Managing Director	Development and Operation	Appointed 1 January 2013 18 months
Neil W. McKay	Non Executive Director	Commercial	Appointed 19 April 2007 86 months
Peter W. Rowe	Non Executive Director	Commercial and Development	Appointed 16 Feb 2009 64 months

Corporate Governance Statement	
2.2 The chair should be an independent director	Mr. Finch is the Executive Chairman of the Company and does not meet the Company's criteria for independence. Mr. Finch's experience and knowledge of the Company make his contribution valuable to the Board such that it is appropriate for him to remain as Chair of the Board.
2.3 The roles of chair and chief executive officer should not be exercised by the same individual	The Company has a Managing Director separate from the Executive Chairman.
2.4 The board should establish a nomination committee	The Board, as a whole serves as the Company's nomination committee. Terms and conditions of employees are negotiated by the Executive Chairman and acting CEO for recommendation to the Board.
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	During the reporting year, the Company conducted a formal evaluation of its Executives. The Board undertakes an annual review of its own performance with external advice as appropriate. The remuneration policy which sets out terms and conditions for senior executives is set out in the Remuneration Report included in the Directors Report.
2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2	The Board is of the view that it is currently structured in such a way so as to add value and is appropriate for the complexity of the business at this time. The Board or individual directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Managing Director and Executive Chairman. The Board, as a whole, will serve as the Company's nomination committee. The Board will determine the procedure for the selection and appointment of new directors and the re-election of incumbents, subject to shareholder approval, in accordance with the Company's Constitution and having regard to the ability of the individual to contribute to the ongoing effectiveness of the Board, to exercise sound business judgment, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction for the Company.
Principle 3	**Promote ethical and responsible decision making**
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: • The practice necessary to maintain confidence in the Company's integrity • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices	The Company's Corporate Governance Plan includes the following policies which provide a framework for decisions and actions necessary to maintain confidence in the Company's integrity, and meet its legal obligation, and expectations of stakeholders. • Securities Trading Policy • Continuous Disclosure Policy • Code of Conduct for Directors and Key Executives All of the Company's Corporate Governance Polices are publicly available on the Company's website.

Corporate Governance Statement	
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	The Company has a diversity policy suitable for its operation size and the industry it operates in. It strongly believes that the promotion of diversity on its board, senior executives and within the organisation adds to the strength of the Company. The diversity policy will affirm the existing employment practice where the Company seeks to attract and retain the best people by promoting environment where each employee is treated fairly, with respect and have access to equal opportunities. The current diversity within the Company's workforce includes factors such as religion, race, ethnicity, language, gender, and age.
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Corporate Governance guidelines requiring the Company to set measurable objectives for achieving gender diversity and to report against them. Whilst efforts will be made to identify suitably qualified female candidates and candidates from a diversity of backgrounds when seeking to fulfil positions, the Company does not believe it is meaningful, nor in the best interests of shareholders to set formal targets for female participation nor detailed policies in this regard.
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women is senior executives positions and women on the board.	As at 30 June 2014, the Company had a workforce with 1 female out of 13 employees, representing 8% of its total workforce. Currently it has no women in senior executive positions.
3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3	The Company's Corporate Governance Polices includes the Company's Code of Conduct and Security Trading Policy. The Company has a Diversity Policy which affirms its current practice in promoting diversity throughout different level of its workforce.
Principle 4	**Safeguard integrity in the financial reporting**
4.1 The board should establish an audit committee	Given the size and scope of the Company's operations, the Board of Directors has assumed those responsibilities that are ordinarily assigned to an audit committee. The Board has adopted an Audit Committee Charter which provides that the Board may meet with the external auditor, without management present.

Corporate Governance Statement	
4.2 The audit committee should be structured so that it: • Consist of only non-executive directors • Consist of a majority of independent directors • Is chaired by an independent Chair, who is not Chair of the Board • Has at least three members.	The full Board of Directors carries out the duties of the audit committee. Given its size and composition, the Board does not consider that the Company will gain any benefit from the formation of a separate audit committee.
4.3 The audit committee should have a formal charter	The Company has a formal audit charter which the full board abides by.
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4	It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial and non financial information. The shareholders in general meeting are responsible for the appointment of external auditor of the Company and the board from time to time will review the scope, performance and fees of its external auditor.
Principle 5	**Make timely and balanced disclosure**
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	The Board has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at senior executive level for that compliance.
5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5	The Board has designated the Executive Chairman as the person responsible for overseeing and coordinating disclosure of information to the ASX and the Company Secretary has responsibility of communicating with ASX. The company has a Continuous Disclosure Policy in place.

Corporate Governance Statement	
Principle 6	**Respect the rights of shareholders**
6.1 Companies should design a communication policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	The Board has designed a communication policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6	The Board is committed to open and effective communications, ensuring all shareholders are informed of all significant developments concerning the Company. The Company has in place an effective Shareholder Communications Policy with dedicated personnel responsible for investor relations.
Principle 7	**Recognise and manage risk**
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	The Board regularly reviews and determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.
7.2 The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	The Board has the responsibility for undertaking and assessing risk management and internal control effectiveness. The Board is required to assess risk management and associated internal compliance and control procedures and is responsible for ensuring the process for managing risk is integrated within business planning and management activities. The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include: • Board receives regular updates on key risks associated with the development of the Company's Wilcherry Hill Iron Ore Project. • Implementation of Board approved annual operating budgets and plans, then monitoring the actual progress against those; and The Board continuously seek to develop a more extensive Risk Management Policy, which can be used as a guide throughout the Company in identifying and communicating business risks.

Corporate Governance Statement	
7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	The Board receives regular information about the financial position and performance of the Company. The Executive Chairman/Managing Director and the Company Secretary declare in writing to the Board that the financial reporting risk management and associated compliance controls have been assessed and found to be operating efficiently and effectively. This representation is made prior to the Directors' approval of the release of annual and half-yearly accounts.
7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	The Board has overall responsibility for risk management through the implementation of the Company's systems and procedures. These systems are designed to ensure the effective and efficient business operations, compliance with laws and regulations and managing risk associated with the Company's business. It must be recognised however, that the internal control system can only provide reasonable and not absolute assurance against risk of material loss.
Principle 8	**Remunerate fairly and responsibly**
8.1 The board should establish a remuneration committee	The Board of Directors as a whole takes responsibility for the Remuneration Committee.
8.2 The remuneration committee should be structured so that it: • Consist of a majority of independent directors • Is chaired by an independent chair • Has at least three members.	Due to the small size and structure of the Board, a separate Remuneration Committee was not considered to be effective and efficient to the process of determining the levels of remuneration for the directors and key executives. The Board considers that it is more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a Remuneration Committee. When considering matters of remuneration the Board functions in accordance with its Remuneration Committee Charter and seek professional advice where appropriate. All matters of remuneration continue to be determined in accordance with Corporations Act requirements, especially in relation to related party transactions.
8.3 Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	The Board distinguishes the structure of non-executive director's remuneration from that of executive directors and senior executives. The Company's Constitution and the Corporation Act also provide that the remuneration of non-executive directors should not be more than the aggregate fixed sum determined by a general meeting. The Company does not have any scheme to provide retirement remuneration to non-executive directors. The Board is responsible for determining the remuneration of the executive director (without the participation of the affected director).
8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8	Full details regarding the remuneration policy of the Company, remuneration of Directors, is included in the Remuneration Report as part of the Directors' Report

Schedule of Mineral Tenements
As at 26 September 2014

South Australia Tenement Schedule				
Exploration Leases				
Exploration License Number	**Tenement Name**	**Registered Holder**	**JV Partner**	**Beneficial Interest**
4286	Valley Dam	Trafford Resources Limited	Trafford Resources Limited	80% iron ore
4421	Peterlumbo	Trafford Resources Limited	Trafford Resources Limited	80% iron ore
3981	Eurilla Dam	Trafford Resources Limited	Trafford Resources Limited	80% iron ore
5299	Wilcherry Hill	Trafford Resources Limited	Trafford Resources Limited	80% iron ore
Mining Lease				
Mining Lease Number	**Tenement Name**	**Registered Holder**	**JV Partner**	**Comment**
6390	Wilcherry Hill	IronClad Mining Limited	Trafford Resources Limited	80% iron ore