IRONCLAD

MINING LIMITED

ABN 79 124 990 405

And Controlled Entities

Annual Report

30 June 2012

CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN
Ian D. Finch

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

SOLICITORS
Hunt and Humphry
Level 2
20 Kings Park Road
West Perth, WA 6005
Telephone: +61 (08) 9321 0200
Facsimile: +61 (08) 9321 0277

SHARE REGISTRAR
Advanced Share Registry Ltd
150 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

IronClad Mining Limited and Controlled Entities
Annual Report 30 June 2012

TABLE OF CONTENTS

Chairman's Letter

Dear Members,

With world economics continuing to trend downwards the year has, once again, been a challenging one for your Company. The enormous burden of debt that many European countries are weighed down by has, in recent times, had an effect on the all important Chinese economy. This, in turn, has negatively impacted the Australian economy to some degree.

For nearly five years now we have followed a policy of a low capital cost entry into the iron ore producer stakes. This has always been understood to mean that initial operating costs were going to be relatively high. Over time those operating costs were to be reduced by staged capital injections and increased tonnage exports. **This model is still preferred**. The alternative is the high capital entry model which sees many iron ore hopefuls seeking billions of start up dollars in markets bereft of significant available capital.

At iron ore prices of $US125 to $US145 and a sub parity Australian dollar the economics of the Wilcherry Hill project was extremely healthy. The recent retreat of iron ore prices to around the $US90 mark, coupled with a higher Australian dollar, has meant that the project, out of necessity, has had to undergo a full review – with particular reference to costs.

The Company, and in particular the Adelaide based technical team, has attacked this latest challenge with its normal gusto.

In February the Company resumed near surface exploration drilling which is continuing as we go to print. The primary objective has been to identify additional, shallow, high grade, Direct Shipping Ore (DSO). With additional low cost DSO to export in the early years the company will not only reduce its mining (and processing) costs considerably, but also allow itself the choice of deferring some of the earlier planned capital injections.

The Company also intends (together with the port owners – Sea Transport Development SA Pty Ltd) to make representations to the South Australian Government to amend the approved port conditions in order to make additional operating cost savings.

Should these amendments be approved they will, together with the planned reduction in mining costs, return the Wilcherry Hill project to its former healthy state.

We have faced countless challenges, over 5 years, in bringing our project to production status. Just as we have overcome all previous hurdles so we will overcome the current set of obstacles. Of this I am confident!

Ian Finch
Chairman

PROJECT OVERVIEW

The Wilcherry Hill Project is located approximately 40km north of the township of Kimba on the northern Eyre Peninsula of South Australia (Figure 1) and about 130km from the major steel making town of Whyalla.

The Wilcherry Hill Project comprises four exploration licenses, in Joint Venture with Trafford Resources and together covering over 976km². The project area has been explored since the early 1980's, originally by Shell Minerals, then after numerous joint ventures and corporate takeovers Trafford Resources acquired the four main tenements from Aquila Resources Ltd in 2006. Previous exploration focused mainly on gold and base metals, but Trafford quickly identified the potential of the iron resources at Wilcherry Hill.

A Desktop Study was implemented by Promet Engineers and concluded that a 2Mtpa base case operation was viable at the prevailing iron ore prices, with a number of product and export alternatives. A premium quality product of crystalline magnetite with high weight recoveries and low impurities was recognised in test work.

In 2007, IronClad Mining entered into a joint venture with Trafford Resources to develop the Wilcherry Hill iron project. IronClad has since progressed key aspects of the project, increasing the resource size five-fold and bringing it closer to production by undertaking detailed geological, mine development, metallurgical, environmental, social and infrastructure studies and approvals.

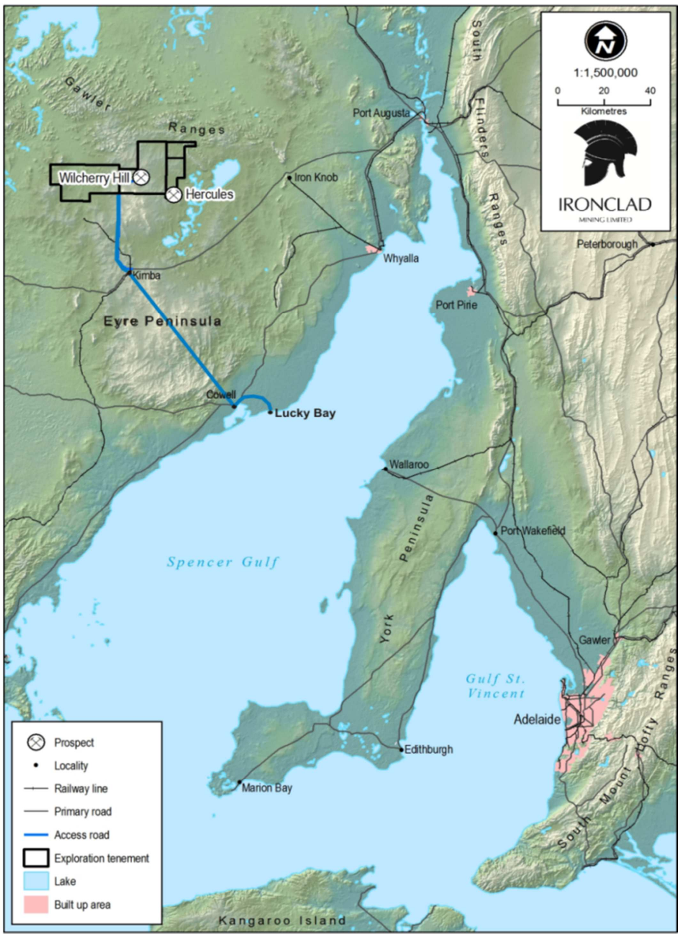


Figure 1: IronClad Project location and transport route to Lucky Bay

PROJECT OVERVIEW (CONT'D)

RESOURCE & GEOLOGY

Tenure

IronClad Mining's tenements in South Australia are collectively known as the Wilcherry Hill Iron Project comprises four exploration tenements and one mining lease covering an area of 976 square km (Figure 2). The current Mineral Resource, comprising four deposit areas, is situated within ML6390. The four deposits are named Weednanna, Weednanna North, Ultima Dam East and Ultima Dam West.

IronClad Mining has 80% entitlement to the iron ore in the mining leases. In addition the Company has earned an 80% interest in the iron rights to four tenements from JV partner Trafford Resources. The tenement status is outlined in Table 1. The project area is serviced by roads and station tracks, which provide good access into the area.

Most of the land is on the Nonning, Uno and Yeltana Pastoral Stations, with natural bushland and land use confined to low density sheep grazing.

TENEMENT SCHEDULE					
Exploration Licence Number	Tenement Name	Registered Holder	JV Partner	Area (km^2)	Comment
4286	Valley Dam	Trafford Resources Ltd	Trafford	66	80% of Fe earned
4162	Wilcherry Hill	Trafford Resources Ltd	Trafford	387	80% of Fe earned
3981	Eurilla Dam	Trafford Resources Ltd	Trafford	115	80% of Fe earned
4421	Peterlumbo	Trafford Resources Ltd	Trafford	408	80% of Fe earned
			TOTAL	976	

Mining Lease No	Tenement Name	Registered Holder	JV Partner	Area (km2)	Comment
6390	Wilcherry Hill	Ironclad Mining Ltd	Trafford	40.25	80% of Fe

Table 1: Ironclad Mining Tenement Interests

PROJECT OVERVIEW (CONT'D)

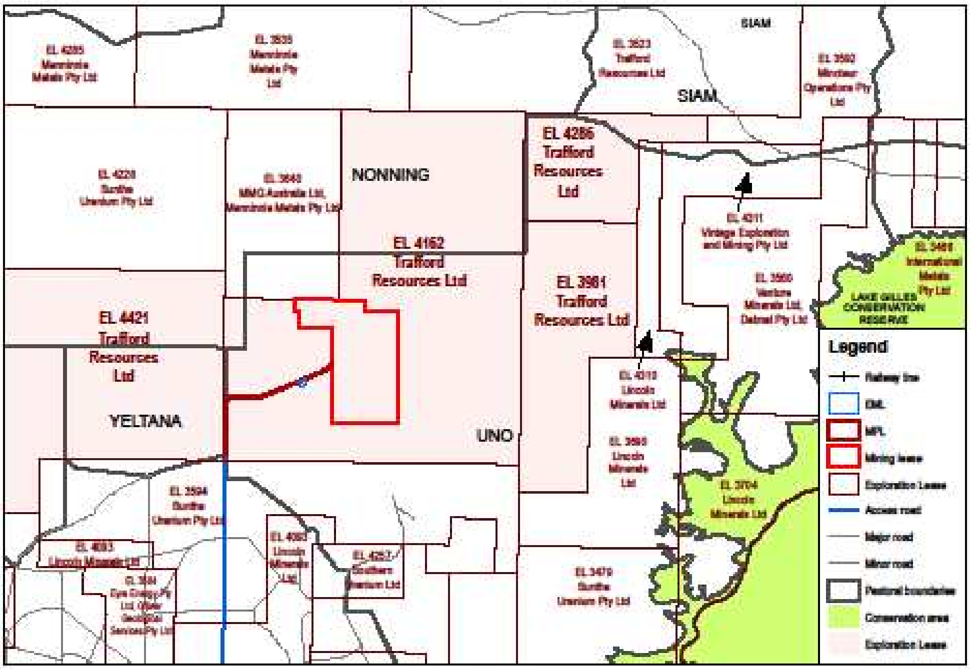


Figure 2: Tenement and Deposit Location

Iron Mineralisation at Wilcherry Hill

Additional diamond(1,485m) and close spaced reverse circulation (2,285m) drilling combined with extensive metallurgical test work carried out this year has provided the basis for a reinterpretation of the nature of the iron mineralisation at Wilcherry Hill. This understanding has been used in the re-estimation of the mineral resources at Wilcherry Hill; the updated Mineral Resource is listed in Table 2 and discussed under the Resources section.

The metallurgical testwork highlighted the need to define the iron mineralisation on the mix of iron minerals present plus its magnetic and weathering properties. This recognition required the geology interpretation underpinning the 2010 mineral resource estimate to change from grade based to geology domains. The domains reflecting the 3 key metallurgical parameters are discussed in more detail below.

Iron primarily exists within the Wilcherry Hill deposits in the form of black, coarse crystalline to finely disseminated magnetite.. During the weathering process, magnetite reverts to the more stable iron mineral hematite, which can further alter to the stable hydrous oxide mineral goethite. The formation of oxidised ores from magnetite is almost entirely dependent on the degree of weathering, suggesting that oxidised ores are simply weathered versions within the same iron system. Because of this, metallurgical properties are highly important when categorizing the iron mineralisation.

Four iron mineralisation domain types are now recognised at Wilcherry Hill:

1. Fresh magnetite: Coarse crystalline magnetite representing the primary iron mineral at Wilcherry Hill. It is strongly magnetic with overall grades averaging 37% Fe. Magnetite is regularly intersected at depth (+/- 50m) in its purest form, with iron values regularly exceeding 60% Fe.
2. Oxidised Magnetite: Residual weathered version of fresh magnetite identified within the near surface oxidised zone. Weathering of magnetite to hematite is evident. It is strongly magnetic with grades averaging 58% Fe.
3. Weathered Magnetite +/- Hematite/Goethite: This domain is characterised by the continued weathering of magnetite to more stable iron mineral assemblages of hematite and goethite. (with minor associated limonite) It is typically weakly magnetic with grades averaging 46% Fe.
4. Competent Goethite: This domain represents magnetite that has completely altered to the Fe-hydroxide goethite. It is non-magnetic with grades averaging 40%.

PROJECT OVERVIEW (CONT'D)

Processing options for the different domain types include dry magnetic separation, gravity separation and direct shipping ore. The high economic potential of the latter category was highlighted by a close spaced drilling campaign in the central portion of the Weednanna deposit. As a result the overall geological model has been updated and reinterpretations of all the ore bodies has been undertaken.

A key highlight of this drilling campaign at the Weednanna prospect was the delineation of continuous zones of direct shipping ore. The implication of this is now being assessed and further close spaced drilling is being undertaken at all existing iron ore prospects within the mining leases in order to delineate additional, low cost, direct shipping ore.

Mineral Resource

Mineral Resource updates have been carried out for the principal deposits Weednanna, Weednanna North and Ultima Dam East. The Mineral Resource for Ultima Dam West is yet to be updated; the resource in Table 2 has been carried over from 2011.

The re-estimated Mineral Resource for the three deposits at Wilcherry Hill is outlined in Table 2; the Resource is quoted at a 0% Fe cut-off. The re-estimation was carried out in May 2012 using an updated geological interpretation based on the four iron mineralisation domains. Modifications of the geology from the close spaced drilling program in the central portion of Weednanna were incorporated. Revised resource estimation parameters were utilised that minimised smoothing of iron grades. Updated porosity factors were calculated for each iron mineralisation domain resulting in bulk density adjustments. Runge Limited provided the competent person review and JORC sign off.

Resource reconciliation between the Mineral Resource tabulated in the 2011 Annual Report (69.3Mt @ 25.9% Fe) and the current estimate of 32.7Mt @ 36.2% shows a reduction in tonnage of 32.7Mt and 40% increase in iron grade. The net effect is an iron metal deficit of 4.66Mt. Reinterpretation of the mineralisation to better reflect the current geological understanding and metallurgical domains accounts for 65% of the difference (3.03Mt). The bulk density adjustment reduced overall tonnage in the more weathered domains and accounts for the balance (1.63Mt) of the metal deficit.

Additional drilling is planned for the second half of 2012. A Resource update and Reserve estimate will be compiled at completion of the drilling.

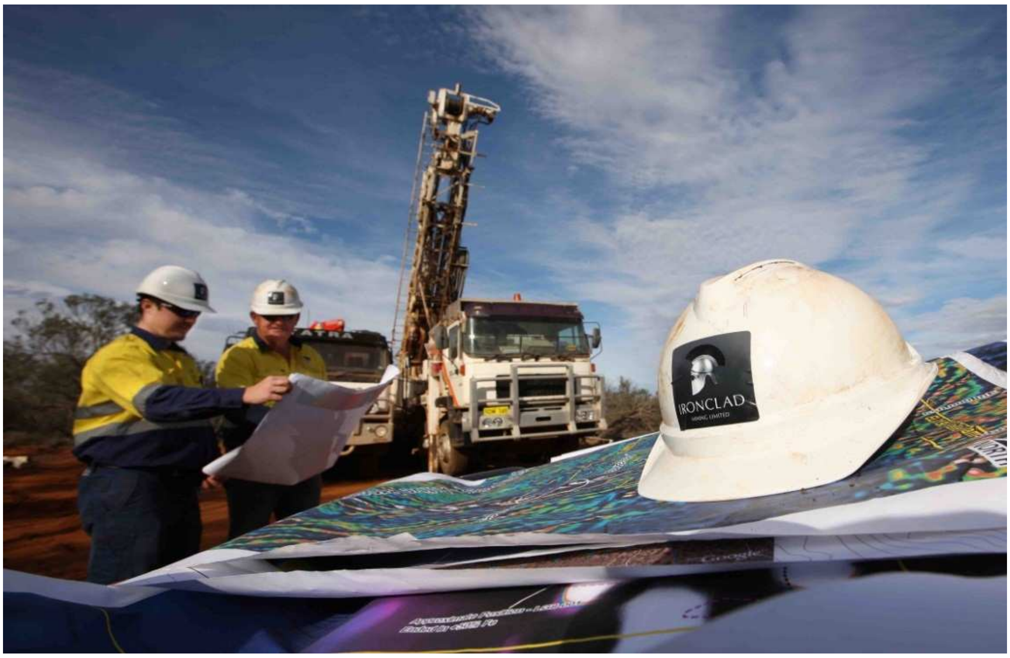


Figure 3: Infill drilling at Weednanna.

PROJECT OVERVIEW (CONT'D)

JORC Classification of Wilcherry Hill Resource May 2012													
Prospect	JORC Classification	Tonnes (Mt)	Fe %	Al_2O_3 %	SiO_2 %	S %	P %	LOI	SG	Strike Length	Average Dip	Vertical Depth Extent
Weednanna	Inferred	1.07	48.65	4.05	12.90	0.19	0.02	2.63	3.92	1.2 km	45^o	225m
	Indicated	12.00	39.82	4.96	19.32	0.53	0.02	5.02	3.40			
	Measured	0.16	58.69	3.48	8.35	0.04	0.02	2.21	3.79			
	Total	**13.23**	**40.76**	**4.87**	**18.67**	**0.50**	**0.02**	**4.79**	**3.45**			
Ultima Dam East	Inferred	0.57	35.22	6.22	24.67	0.24	0.08	6.12	2.86	1.4 km	40^o	130m
	Indicated	5.37	38.19	7.74	21.33	0.11	0.13	9.46	2.46			
	Total	**5.94**	**37.91**	**7.59**	**21.65**	**0.12**	**0.13**	**9.14**	**2.50**			
Weednanna North	Inferred	1.64	34.18	4.97	22.11	0.15	0.03	6.84	3.38	1.1 km	< 40^o	225m
	Indicated	7.97	37.34	6.92	20.72	0.32	0.04	6.32	3.32			
	Total	**9.61**	**36.80**	**6.59**	**20.96**	**0.29**	**0.04**	**6.41**	**3.33**			
Ultima Dam West	Inferred	7.86	26.54	2.92	30.96	0.05	0.05	6.64	3.00	0.25 km	> 60^o	150m
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
	Total	**7.86**	**26.54**	**2.92**	**30.96**	**0.05**	**0.05**	**6.64**	**3.00**			
Combined Total Inferred		**11.1**	**30.2**	**3.5**	**27.6**	**0.09**	**0.05**	**6.26**	**3.1**			
Combined Total Indicated		**25.3**	**38.7**	**6.2**	**20.2**	**0.37**	**0.05**	**6.37**	**3.2**			
Combined Total Measured		**0.2**	**58.7**	**3.5**	**8.4**	**0.04**	**0.02**	**2.21**	**3.8**			
Combined Total		**36.6**	**36.2**	**10.9**	**23.1**	**0.30**	**0.05**	**6.31**	**3.4**			

Table 2: Mineral Resource Summary

PROJECT OVERVIEW (CONT'D)

Exploration Activities

The June 2012 quarter saw the preparation and submission of a Program for Environmental Protection and Rehabilitation for Exploration Licence No. 3981 (Eurilla Dam) (Figure 4). The Hercules Prospect is contained within this licence (Figure 4).

Approval was confirmed on 18 June and allows indigenous heritage surveys and exploration activities to commence in the September Quarter of 2012. This is a significant step by the Company towards furthering its understanding of the large Hercules iron ore deposit, and ultimately increasing the Company's resources and reserves.

The Hercules Prospect is considered by Ironclad to represent a conventional Banded Iron Formation (BIF) target considerably different to the magnetite skarn mineralisation occurring throughout the Wilcherry Hill project area. With an Inferred Resource of 194Mt @ 27.1% Fe (IFE ASX Release 22 December 2008) the upside is promising.

The immediate focus at Hercules is for near surface exploration drilling targeting massive, high grade goethite / hematite mineralisation suitable as direct shipping ore. The intent is to assess the prospectively of the entire 9km strike length to prioritise ongoing exploration and resource delineation activities.

To assist in targeting the proposed drilling, a close spaced gravity survey was completed in June 2012. Subsequent modelling of the data has identified extensive anomalous gravity zones thought to be prospective for iron rich mineralisation.

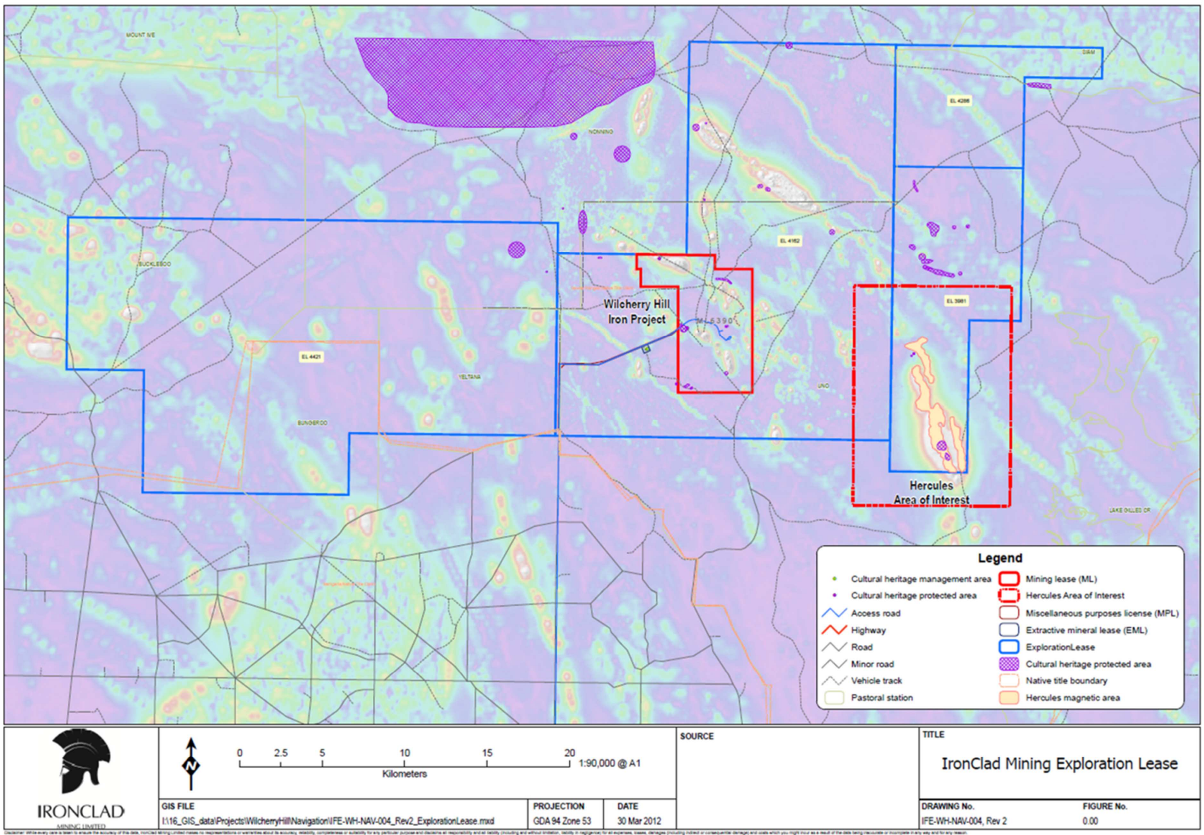


Figure 4: Hercules Prospect location with total magnetic intensity as backdrop.

OPERATIONS

Mining

The presence of direct ship, high grade iron ore has the potential to reduce initial capital and operating costs and provide an earlier cash flow surplus to the Company.

PROJECT OVERVIEW (CONT'D)

The proposed mining schedule has been amended to incorporate an initial high grade direct ship ore (DSO) mining stage and to maximise the project's net present value at prices around the $US90 figure.

Pit optimisation work has been completed by Proactive Mining Solutions producing the initial DSO mining schedule and various scenarios for mining and processing of dry magnetic separation (DMS) ore and ore as feed to a gravity separation (GS) process plant. This work has also produced the pit design for the starter pit at Weednanna resulting in a reduction in initial capital costs and pit strip ratios.

Other work completed included a review of the mine surface layout with the aim of optimising the location of physical assets including the process plant, access road and, tailings storage facility (TSF). The TSF required for future GS processing is planned to be co-located within the overburden storage area

Contract negotiations are well advanced with the preferred mining, haulage and crushing contractors. Detailed mobilisation, commissioning and ramp-up plans in accordance with the proposed mining sequence and schedules are currently being developed.

Processing

- To reduce capital and operating costs, design work commenced on an integrated ore processing plant combining the dry magnetic separation (DMS) and future gravity separation (GS) units. The eventual combined plant will allow optimal use of shared infrastructure and utilities and will also incorporate infrastructure to be initially installed for the processing of Direct Shipping Ore (DSO)
- A contract has been awarded to MSP Engineering in Perth for stage 1 design of the process plant.
- The project layout has been modified to incorporate the current mine design for the Weednanna pit and the integrated process plant
- Tailings from the GS plant will be stored in a tailings disposal facility constructed in the centre of the mining waste dump for the Weednanna pit. This will provide an environmentally enhanced disposal solution and allow economic use of overburden for the TSF wall construction
- Factory acceptance tests for the magnetic separation units for the DMS section of the plant were satisfactorily completed at the Eriez factory and the units have been delivered into store in Adelaide

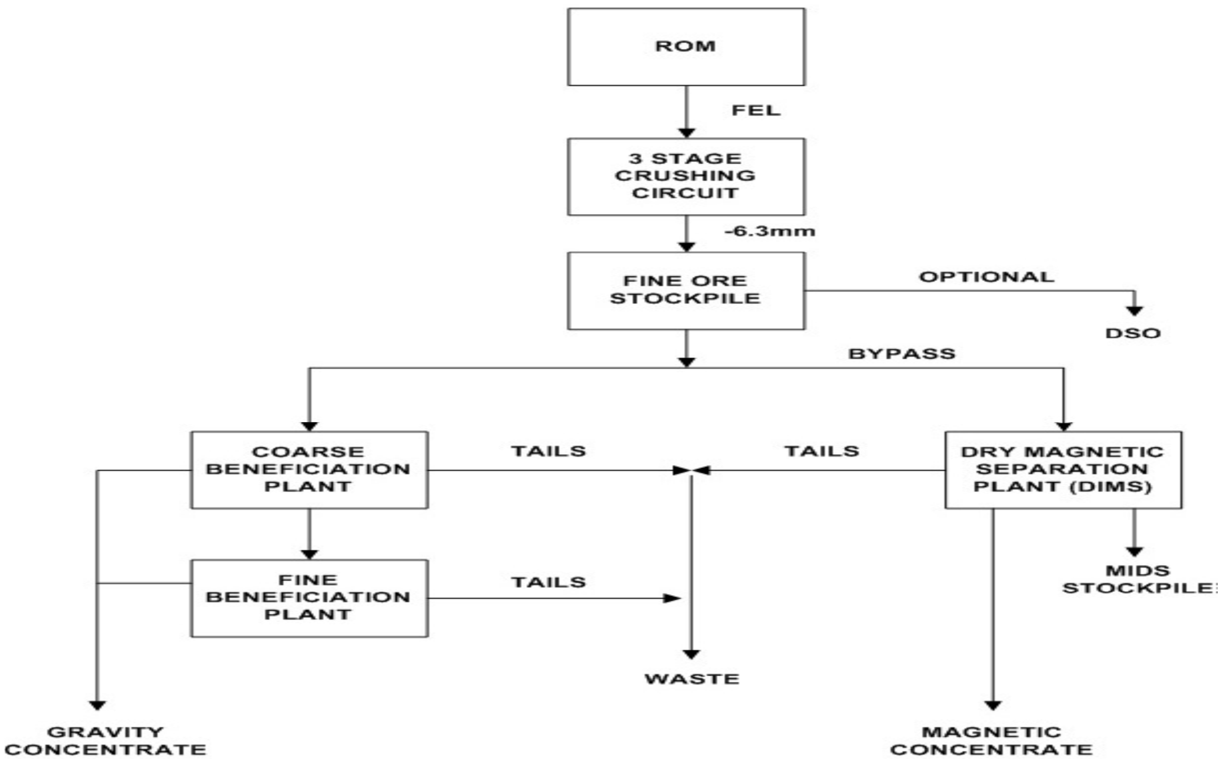


Figure 5: Proposed processing flow sheet

PROJECT OVERVIEW (CONT'D)

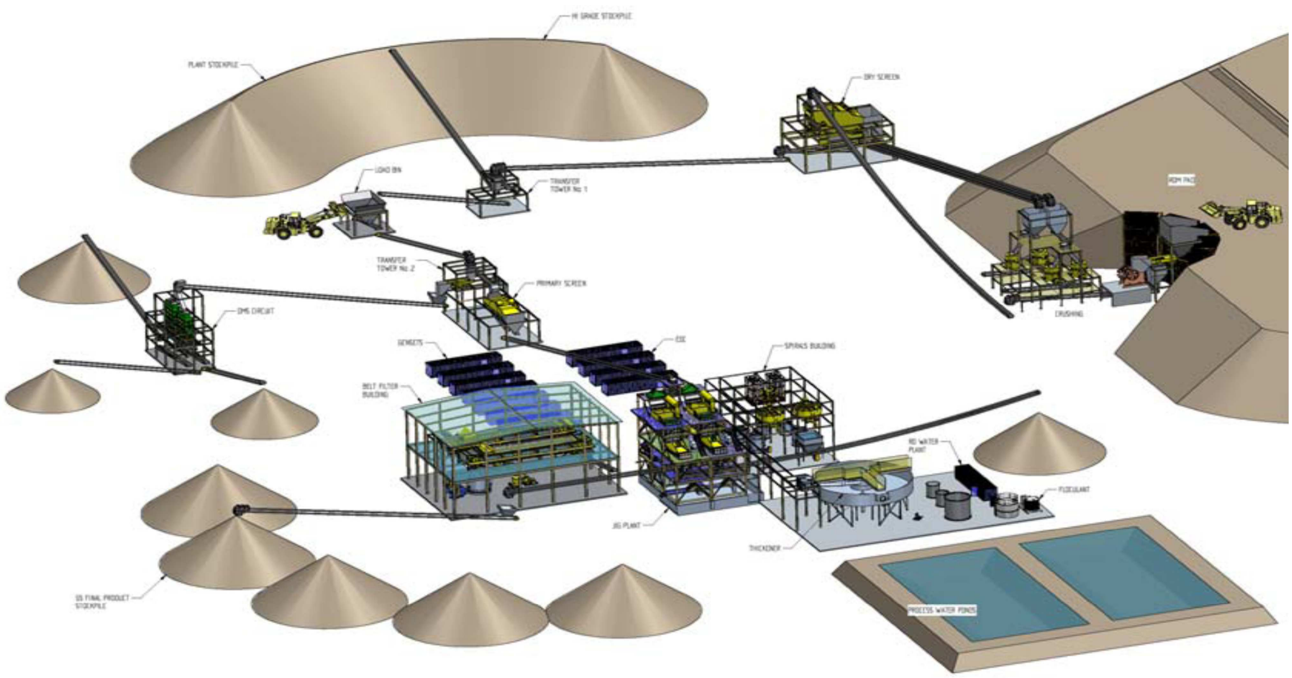


Figure 6: Proposed integrated ore processing plant layout

Accommodation village

The second stage of construction at the accommodation village located in Kimba was completed on schedule and on budget in December 2011. The second stage increased the capacity from 40 persons to 80 persons. The facility provides high quality ensuited accommodation units, mess and recreation facilities and access to satellite television and broadband internet for all village residents.

Figure 7: Accommodation village

Figure 8: Accommodation village

PROJECT OVERVIEW (CONT'D)

Approvals

IronClad Mining took a significant step forward in October 2011 following the South Australian Government's approval of the Mining Lease Proposal (MLP) for its Wilcherry Hill Iron Ore Project in South Australia, The MLP was prepared in conjunction with Coffey Environments over a two year period and submitted to the SA Government in 1st Quarter 2011. Following a period of public consultation and technical assessment a mining lease was offered to the Company on 17 October 2011.

Approval of the Program for Environmental Protection and Rehabilitation ("PEPR") by the South Australian Government was received on 24 December 2011.

Exploration License No. 3981 (Hercules) Program for Environmental Protection and Rehabilitation (formerly known as Exploration Works Approval) was submitted and approved in 2012. Subject to indigenous surveys, this approval allows exploration at Hercules to recommence.

Risk

IronClad continues to undertake a risk assessment process in accordance with AS4360 and has put in place planned strategies and actions to mitigate risks.

Health, Safety, Environment and Community

IronClad Mining was LTI (lost time injury free) for the financial year.

In April 2012 confirmation was received from the SA Government that the Development Application for the Common User Export Facility at Lucky Bay had been approved. The approval officially received on 5 April 2012 paves the way for detailed design of the port infrastructure to commence. This design work will allow for a staged construction process, the aim being to minimise capital expenditure prior to shipping.

The IronClad team continued their ongoing consultation with key stakeholders during the year. This included members of local Councils State and Federal government. Significant time was also spent briefing the communities of Kimba and Cowell in relation to project related progress and to explain employment, education and contract opportunities related to both the mining and port operation

In February 2012, local employment and contracts workshops were held in Kimba and Cowell in conjunction with Lucas Earthmoving, POAGS, Australian Catering Services and TAFE SA. Cowell recorded 96 attendees, whilst Kimba recorded 146 attendees. Further workshops with the native title group and the community will be conducted.

LOGISTICS & INFRASTRUCTURE

Lucky Bay Port Facility

IronClad Mining has exercised the option it held with Sea Transport Corporation over an area adjacent to the proposed port facilities at Lucky Bay in South Australia. The exercise of the option gives the Company full access to a designated 50 hectare site, with harbour frontage and usage of the port itself and its expanded facilities.

IronClad will use a multi-user port facility being developed by Sea Transport to load and trans-ship iron ore from Lucky Bay to export vessels moored offshore. Initial exports will use Panamax sized vessels with a capacity of approximately 60,000 tonnes with larger Cape size vessels (150,000 tonnes) as export tonnages increase in the future.

The Regional Australia Minister Simon Crean announced partnership funding for the upgrade of Lucky Bay in April 2012. The federal government will provide $2.2 million to the Franklin Harbour District Council to assist with the expansion of the harbour in conjunction with Ironclad and Sea Transport. The harbour will be expanded and deepened and a loading dock installed.

Ironclad intends to install port facilities to export the ore in containers using barges to trans-ship the containers to export vessels moored approximately 12 Nautical miles offshore. There the containers will be hoisted from the barges using a purpose designed Revolver container handler which will empty the ore into the hold and return the empty container to the barge.

PROJECT OVERVIEW (CONT'D)

Two of the Revolver container handling devices have been manufactured and been successfully commissioned in the factory prior to shipment to Australia. The commissioning was performed using prototype containers manufactured specifically for the testing.

Fabrication continued on the 57m powered barge, in Guangzhou, China. The vessel launching is scheduled for September 2012.

A Tug Vessel – The MV Demi Maddison was purchased in May 2011. The vessel has undergone a refit and is currently on hardstand at a Gold Coast shipyard and is ready for dispatch to Lucky Bay.

Figure 9: Rotating Spreader testing in China

Figure 10: Rotating Spreader in operation

Figure 11: Existing Lucky Bay facility

Figure 12: Tug boat purchased

PROJECT OVERVIEW (CONT'D)

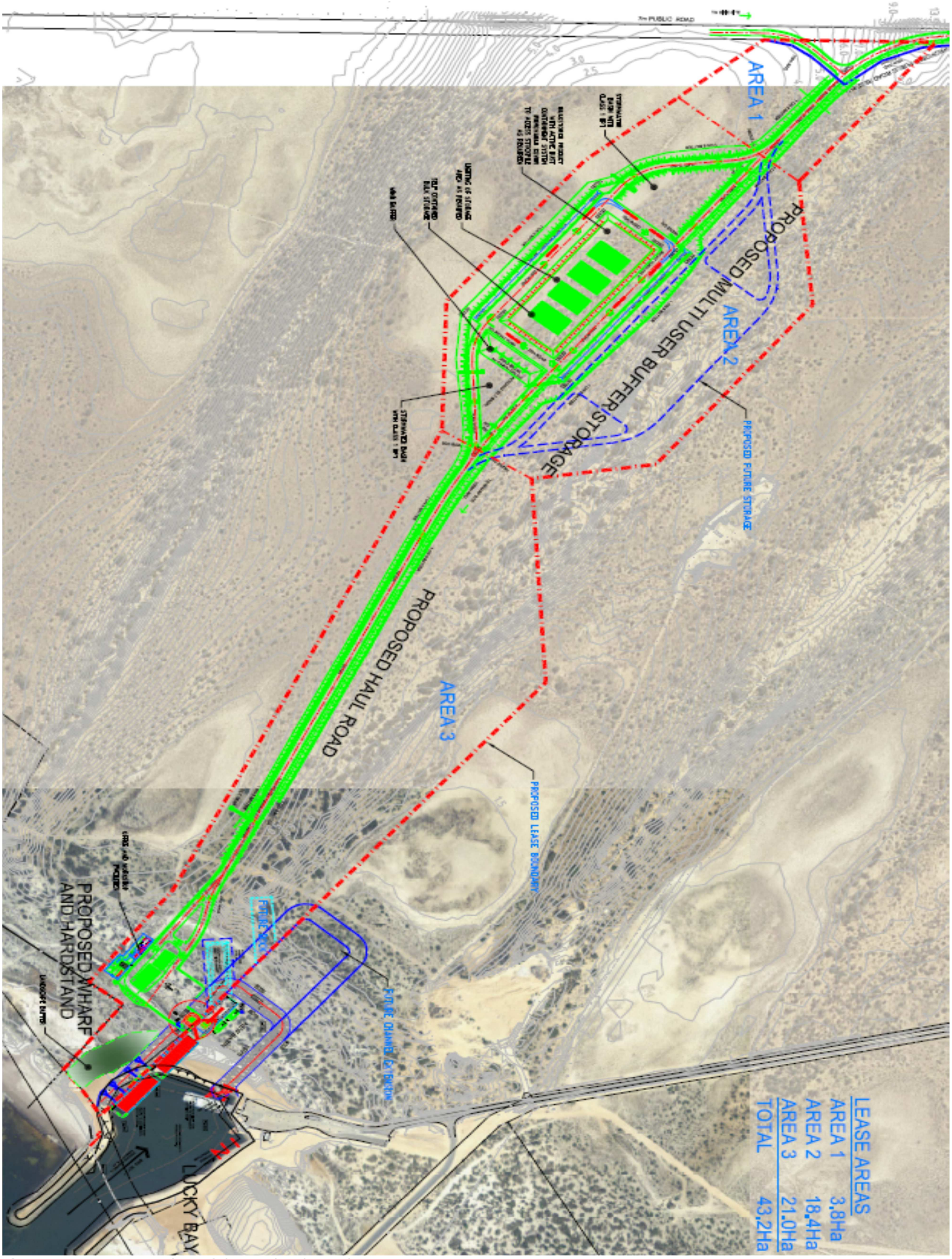


Figure 13: Concept plan of the revised port layout.

PROJECT OVERVIEW (CONT'D)

MARKETING

Sales and Marketing

In January 2012, global investment group New Page Investments Limited took a $6 million share placement in the Company. The placement of 7.5 million shares to the Hong Kong-based resources industry investor was completed at 80 cents per share, which represented a premium of 20% on 10 January 2012 closing price of 66.5 cents for IronClad shares on the Australian Securities Exchange. As part of the placement an off-take agreement was also agreed with New Page Investments.

The agreement secures up to 50% of the iron ore produced from the Wilcherry Hill mine for the first two years and follows a similar but separate off-take agreement signed in 2011 with a Singaporean trading company OM Holdings. The latest agreement also secures 50% off-take of the ore for years three and four.

Under the terms of the new agreement, New Page Investments must pay IronClad 95% of the agreed value of iron ore on each ship from our Lucky Bay port facility in the Spencer Gulf of South Australia, within 30 days of that ship departing, with the remainder of the payment agreed upon confirmatory receipt of cargo and grade at the port of final destination.

CORPORATE

During the financial year the company issued 32,233,507 shares and raised $25,220,737. The company received $13 million through placements to sophisticated investors and $12.2 million through exercise of options. The money raised illustrates the great investor interest in the Company and the Wilcherry Hill Project as well as continued shareholder support to see the project through to production.

Mr Richards, resigned as Managing Director in July 2012 and Mr Mencel, the Company's Chief Operating Office accepted the additional role as acting Chief Executive Officer. Mr Finch, the Chairman became responsible for corporate and financial matters.

Mr Robert Mencel, former Mount Gibson Iron Ltd executive, was appointed as Chief Operating Officer and commenced within the IronClad team in mid-April. His initial focus is on finalising the Business' Commissioning and Operating Plan to bring the Wilcherry Hill Project into production. Mr Mencel was most recently General Manager of Mount Gibson Iron's Koolan Island project – a four million tonne per annum ("Mtpa") iron ore mine off the coast of Western Australia's Kimberley region. Prior to that, he was Mount Gibson Iron's General Manager at its Tallering Peak hematite project, a 3Mtpa iron ore mine in the Mid-West region of Western Australia.

Mr David Burvill, former senior executive with Worley Parsons and OZ Minerals has been appointed Project Director. A highly-experienced engineer who specialises in the development of large scale resource projects – commenced his new role with the company in early June. Mr Burvill was most recently Project Director for Worley Parsons at Hancock Prospecting's Roy Hill iron ore project in Western Australia, where he was responsible for the greenfield development of the mine's processing plant and associated infrastructure. Mr Burvill was also Project Director at OZ Minerals Limited's Prominent Hill copper-gold project in South Australia.

DIRECTORS' REPORT

Your directors present their report on the IronClad Mining Limited (the "Company") and of the Group being the Company and its controlled entity ("the Group") for the financial year ended 30 June 2012.

Directors

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

Ian D. Finch

Wayne W.H. Richards – appointed on 1 March 2012 and resigned on 27 July 2012

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 $1,901,079 (2011: Loss of $571,139).

Financial Position

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations. The Group's net assets as at 30 June 2012 are $64,928,709 (2011: $42,607,768).

Liquidity and capital resources

The Company's principal source of liquidity as at 30 June 2012 is cash of $8,537,019 (2011: $10,042,567). None of which (2011: $8,019,359) has been placed on short term deposit. The Company's main source of cash during the year is from the issue of shares as discussed below.

Shares issued during the year

During the year, the Company issued 15,706,059 ordinary shares and prices ranging $0.80 to $0.85 via institutional placements. Funds raised from these issues have been applied to the development of the Wilcherry Hill Iron Ore Project and working capital. In addition, 16,327,448 ordinary shares were issued on conversion of options with an exercise price of $0.75 and a further 200,000 shares were issued as underwriting fee.

DIRECTORS' REPORT (CONT'D)

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 2012.

Review of Operations

- The Company gained full access to a designated 50 hectare site, with harbour frontage and full usage of Lucky Bay port for a two-stage transhipping operation. The South Australian Government subsequently approved the Company's development application for port facilities designed for iron ore shipments from the Lucky Bay port. The approval concludes all the processes required for the Company to commence construction of infrastructure at Lucky Bay.
- The South Australian Government approved the Company's Mining Lease Proposal and Program for Environmental Protection and Rehabilitation (PEPR) for its Wilcherry Hill Iron Ore Project; being the final hurdles for mining to commence.
- The Company signed a four-year off-take agreement with Hong Kong-based resources industry group, New Page Investments Limited. The agreement secures all iron ire produced from the Wilcherry Hill mine for the first two years and follows a similar off-take agreement signed last year with Singaporean trading company by securing the remainder 50% off-take of ore for years 3 and 4.
- Grade control drilling commenced at the Wilcherry Hill Iron Ore Project focusing on the Weednanna deposit where mining will begin with the near surface direct shipping ore targeted. The program is designed to define a detailed grade control model focusing on the first six months of production and optimises scheduling and detailed mine planning.
- The South Australian Government also approved the Company's development application for port facilities designed for iron ore shipments from the Lucky Bay port. The approval concludes all the processes required for the Company to commence construction of infrastructure at Lucky Bay.
- The construction of accommodation village at Kimba was completed on schedule and on budget. This village has a capacity of 80 persons.
- The Company also gained approval on its PEPR for Exploration Licence no. 3981 which includes the Hercules Prospect. This has allowed indigenous heritage surveys and exploration activities to commence.

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

Subsequent to year end, the Group has completed full review of the transhipping operation at Lucky Bay. The review has recommended for the existing tug and powered barge carried at cost of $5,292,402 as at 30 June 2012 within Property, Plant and Equipment be disposed and replaced with two smaller, more powerful tugs and two 70-metre dumb barges, all of which can be easily chartered. These changes will bring substantial improvements to the efficiency of the transhipment process.

As at 26 September 2012, the spot price of iron ore was $105 USD per Tonne. This represents a decrease of 20% from the spot price at 30 June 2012. Based on changing the assumption regarding the selling price of iron ore in the Company's cashflow forecasts to $105 USD per Tonne, and should the decrease in the spot price prevail over the long term, then subject to the result from further optimisation program currently being undertaken, it may result in an impairment equivalent to the current value of the Group's capitalised mine development expenditure referred in note 11.

On 27th July 2012, Mr Richards resigned as Managing Director. Mr Mencel the Company's Chief Operating Officer accepted the additional role as acting Chief Executive Officer, and will continue his responsibilities for all technical matters relating to the implementation of mining, processing, transport and port operations of the Wilcherry Hill Iron Ore Project. Mr Finch, the Chairman became responsible for corporate and financial matters.

DIRECTORS' REPORT (CONT'D)

Future Developments, Prospects and Business Strategies

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

i. The Company intends to submit three variations to its current development approval at Lucky Bay. The three development approvals cover moving the transhipment closer to shore, a revised layout within the loading area and the inclusion of a bulk storage area. These variations are intended to improve the efficiency of transhipment operation and reduced the capital costs.

ii. Complete an infill drilling program at Weednanna, Weednanna North, Ultima Dam East and Ultima Dam West. The aim of this infill drilling program is to delineate additional high grade DSO.

iii. Subject to a suitable price being achieved, the Powered Barge currently under construction and the "Demi Madison" Tug boat will be sold. These vessels will be replaced with more two more powerful tugs and two 70m dumb barges, all or which can be easily charted. The new combination of vessels is expected to significantly improve the efficiency of the transhipment operation.

Environmental Issues

The Group's operations are subject to environmental regulation under the law of the Commonwealth and State in relation to exploration activities. The Directors are not aware of any significant breaches during the period covered by the report.

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Group for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

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 41 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.

DIRECTORS' REPORT (CONT'D)

Interest in Shares	132,379 fully paid ordinary shares.
Interest in Options	Nil.
Directorships held in other listed entities	Managing Director of Trafford Resources Limited.
Wayne Richards	Managing Director (resigned on 27 July 2012)
Qualifications	BSc from James Cook University and Graduate Diploma of Business Management from University of Central Queensland.
Experience	Mr. Richards has over 25 years experience in the mining and mineral processing industry, with extensive experience in the development and operation of nickel/cobalt and iron ore businesses. Prior to joining the Company, Mr. Richards was Managing Director of Brockman Resources Limited and fulfilled senior executive roles within BHP Billiton Iron Ore Pty Ltd. As Managing Director of Brockman Resources, he structured and grew the Marillana Iron Ore Project from a market capitalisation of A$30M to A$940M, over a period of 4 years, against the backdrop of the global financial crisis in 2008. Mr. Richards commenced his career at Queensland Nickel Pty Ltd in 1985 and moved to WA in 1997 as the Refinery Manager of the Murrin Murrin Nickel-Cobalt Project. He has been involved in the design, construction, commissioning and ramp-up of several significant brownfield and greenfield projects within Australia.
Interest in Shares and Options	Nil
Directorships held in other listed entities	Nil
Resignation	Mr. Richards resigned on 27 July 2012.
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 25 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 on South East Asia. For the last three years he has divided his time between Australia, where he consults to various public companies and continues his involvement in South East Asia.
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

DIRECTORS' REPORT (CONT'D)

	Australia were 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. He has recently retired from his position there as executive vice president – business effectiveness, and has returned to Australia.
Interest in Shares	Nil
Interest in Options	400,000 options exercisable at $0.75 on or before 31 October 2012
Directorships held in other listed entities	Millennium Minerals Limited (appointed 21 July 2009) Adamus Resources Limited (appointed 29 July 2009) Kimberley Rare Earths Limited (appointed 21 January 2011) European Nickel PLC (appointed 27 July 2011)

Meetings of Directors

During the financial year, 11 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	11	11	11
Wayne Richards (i)	5	5	5
Neil McKay	11	11	11
Peter Rowe	11	11	11

(i) Appointed on 1 March 2012 and resigned on 27 July 2012.

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 $6,885.

Options

At the date of this report, the unissued ordinary shares of IronClad Mining Limited under option are as follows:

Grant Date	Expiry Date	Exercise Price	Number of Options
7 July 2011	31 October 2012	$0.75	400,000
31 May 2008	26 May 2013	$1.25	150,000

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.

DIRECTORS' REPORT (CONT'D)

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 $21,350 (2011: $18,390) paid for taxation services.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C for the year ended 30 June 2012 has been received and can be found on page 24 of the directors' report.

Consent of Competent Persons

Exploration Results

Information in this report relating to Exploration Results is based on information compiled by Mr. Ian Finch, who is a member of the Australian Institute of Mining and Metallurgy and who has more than five years experience in the field of activity being reported on. Mr Finch is the Executive Chairman of the Company. Mr Finch has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Finch 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.

DIRECTORS' REPORT (CONT'D)

- 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 Board were issued shares and options as part of the terms of the Initial Public Offer. Board members 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% 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 shares to the majority of directors and executives to encourage the alignment of personal and shareholder interest.

Employment Contracts of Directors and Other Executives

During the year, the Group entered into contracts of employment with Managing Director and Acting Chief Executive Officer. The company had an

The employment conditions of key management personnel are formalised in contracts of employment. Managing Director and Acting Chief Executive Officer are employed under a permanent employment contract and the terms of the contract are as follows:

- The contract can be terminated by the Company in certain limited circumstances. However, the employee may, at any time for any reason, terminate the contract by giving 3 months notice in writing.
- In the instance of serious misconduct, the Company may terminate employment at any time. Termination payments are generally not payable on dismissal for serious misconduct.
- Any options or share rights not exercised nor vested before or on the date of termination will lapse.

DIRECTORS' REPORT (CONT'D)

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
Wayne Richards	Managing Director (appointed 1 March 2012, resigned 27 July 2012)
Neil McKay	Non-Executive Director
Peter Rowe	Non-Executive Director
Robert Mencel	Acting Chief Executive Officer (appointed 16 April 2012)
Allen Cauvin	General Manager (resigned 5 April 2012)

Details of Remuneration for Year Ended 30 June 2012

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

2012

	Salary, Fees and Commissions	Director's Fee	Cash Bonus	Super-annuation Contribution	Termination	Options (iv)	Total	Represented by Options
	$	$	$	$	$	$	$	%
Directors								
Ian Finch	224,037	-	4,308	20,551	-	-	248,896	-
Wayne Richards (i)	166,667	-	-	15,000	-	-	181,667	-
Neil McKay	170,925	48,000	-	-	-	-	218,925	-
Peter Rowe	-	44,037	-	3,963	-	51,994	99,994	52
Executives								
Robert Mencel (ii)	75,930	-	-	7,526	-	-	83,456	-
Allen Cauvin (iii)	340,538	-	7,692	37,247	100,000	-	485,477	-
	978,097	**92,037**	**12,000**	**84,287**	**100,000**	**51,994**	**1,318,415**	

(i) Appointed on 1 March 2012 and resigned on 27 July 2012.

(ii) Appointed on 16 April 2012.

(iii) Resigned on 5 April 2012

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

DIRECTORS' REPORT (CONT'D)

2011

	Salary, Fees and commissions	Director's Fee	Cash Bonus	Super-annuation Contribution	Termination	Options (iii)	Total	Represented by Options
	$	$	$	$	$	$	$	%
Directors								
Ian Finch	208,037	-	-	36,163	-	-	244,200	-
Neil McKay	136,560	48,000	-	-	-	-	184,560	-
Peter Rowe	-	44,037	-	3,963	-	-	48,000	-
Executives								
Allen Cauvin (i)	175,000	-	-	15,750	-	-	190,750	-
Patrick Clifford (ii)	53,333	-	-	4,800	116,267	(71,131)	103,269	-
	572,930	**92,037**	**-**	**60,676**	**116,267**	**(71,131)**	**770,779**	

(i) Started on 1 January 2011.

(ii) Resigned on 20 August 2010.

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

Options issued as part of remuneration

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of IronClad Mining Limited to increase goal congruence between executives, directors and shareholders. The options issued to directors have no vesting condition and vest immediately while options issued to executives will vest after a two years period. When exercised all options issued will result in the issue of ordinary shares in the Company on a 1:1 basis.

Shares Issued on Exercise of Compensation Options

No options were exercised during the current and prior financial year that were granted as compensation in prior periods.

Share holdings and Option holdings

For further details on the movement during the year in the number of ordinary shares and options in IronClad Mining Limited held directly, indirectly or beneficially, by each Key Management Personnel, please refer to Note 4.

DIRECTORS' REPORT (CONT'D)

Options: Granted and vested during the year

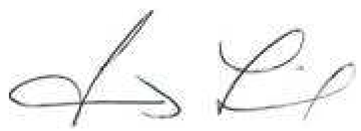
2012

	Granted		Terms and conditions for each grant					Vested
	Number	**Date**	**Fair Value/ Option $**	**Exercise Price $**	**Expiry Date**	**First exercise date**	**Last exercise date**	**Number**
Directors								
Ian Finch	-	-	-	-	-	-	-	-
Wayne Richards	-	-	-	-	-	-	-	-
Neil McKay	-	-	-	-	-	-	-	-
Peter Rowe	400,000	7 Jul 11	0.13	0.75	31 Oct 12	7 Jul 11	31 Oct 12	400,000
Executives								
Robert Mencel	-	-	-	-	-	-	-	-
Allen Cauvin	-	-	-	-	-	-	-	-
	400,000							400,000

2011

	Granted		Terms and conditions for each grant					Vested
	Number	**Date**	**Fair Value/ Option $**	**Exercise Price $**	**Expiry Date**	**First exercise date**	**Last exercise date**	**Number**
Directors								
Ian Finch	-	-	-	-	-	-	-	-
Neil McKay	-	-	-	-	-	-	-	-
Peter Rowe	-	-	-	-	-	-	-	-
Executives								
Allen Cauvin	-	-	-	-	-	-	-	-
Patrick Clifford	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

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



Ian D. Finch, Executive Chairman
Dated this 28th day of September 2012

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 and Controlled Entities for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

RANKO MATIC CA
Director

DATED at PERTH this 28th day of September 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	**2012** **$**	**2011** **$**
Revenue and other income	2	359,368	299,986
Administrative expense		(143,289)	(50,506)
Consultancy expenses		(760,047)	(285,274)
Compliance and regulatory expenses		(51,270)	(69,681)
Depreciation and amortisation		(3,044)	(78,832)
Director fees		(92,037)	(92,037)
Share based payment income / (expenses)	18	(51,994)	305,631
Legal fees		(77,728)	(24,701)
Finance costs		(187,545)	(67,037)
Occupancy costs		(149,846)	(95,918)
Public relation costs		(169,376)	(284,847)
Staffing costs		(1,102,088)	(750,448)
Other expenses from ordinary activities		(188,945)	(78,013)
Loss before income tax		(2,617,841)	(1,271,677)
Income tax benefit	3	716,762	700,538
Loss for the year		**(1,901,079)**	**(571,139)**
Other comprehensive income		-	-
Total comprehensive income		**(1,901,079)**	**(571,139)**
Basic loss per share (cents per share)	6	(2.22)	(0.96)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	8,537,019	10,042,567
Trade and other receivables	8	871,006	1,256,353
TOTAL CURRENT ASSETS		9,408,025	11,298,920
NON-CURRENT ASSETS			
Trade and other receivables	8	5,951,735	65,189
Property, plant and equipment	9	12,890,879	2,940,003
Exploration and evaluation expenditure	10	14,260,080	14,206,234
Mine development expenditure	11	27,023,340	16,800,040
TOTAL NON-CURRENT ASSETS		60,126,034	34,011,466
TOTAL ASSETS		**69,534,059**	**45,310,386**
CURRENT LIABILITIES			
Trade and other payables	12	2,640,128	2,635,300
Borrowings	13	1,818,281	-
Provisions	14	146,941	67,318
TOTAL CURRENT LIABILITIES		4,605,350	2,702,618
TOTAL LIABILITIES		**4,605,350**	**2,702,618**
NET ASSETS		**64,928,709**	**42,607,768**
EQUITY			
Issued capital	15	69,377,689	45,207,663
Option reserve	16	2,798,524	2,746,530
Accumulated losses		(7,247,504)	(5,346,425)
TOTAL EQUITY		**64,928,709**	**42,607,768**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2012

	Note	Issued Capital	Accumulated Losses	Option Reserve	Total
		$	**$**	**$**	**$**
Balance at 1 July 2010		**21,821,347**	**(4,775,286)**	**2,804,482**	**19,850,543**
Loss for the year		-	(571,139)	-	(571,139)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	(571,139)	-	(571,139)
Transaction with owners, in the capacity as owners, and other transfers					
Share options issued		-	-	247,679	247,679
Forfeited options of directors and employees		-	-	(305,631)	(305,631)
Shares issued during the year		24,732,029	-	-	24,732,029
Transaction costs		(1,345,713)	-	-	(1,345,713)
Balance at 30 June 2011	15	**45,207,663**	**(5,346,425)**	**2,746,530**	**42,607,768**
Balance at 1 July 2011		**45,207,663**	**(5,346,425)**	**2,746,530**	**42,607,768**
Loss for the year		-	(1,901,079)	-	(1,901,079)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	(1,901,079)	-	(1,901,079)
Transaction with owners, in the capacity as owners, and other transfers					
Share options issued		-	-	51,994	51,994
Forfeited options of directors and employees		-	-	-	-
Shares issued during the year		25,366,083	-	-	25,366,083
Transaction costs		(1,196,057)	-	-	(1,196,057)
Balance at 30 June 2012	15	**69,377,689**	**(7,247,504)**	**2,798,524**	**64,928,709**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments for exploration and evaluation activity		(43,046)	(9,500)
Payments for suppliers and employees		(2,756,150)	(1,712,803)
Interest received		406,189	221,617
Interest and other charges paid		(77,534)	(62,493)
Research and development rebate and other income		700,538	188,074
Net cash (outflows) from operating activities	17	(1,770,003)	(1,375,105)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(9,657,802)	(1,989,684)
Development of mineral tenements		(9,913,997)	(9,082,711)
Net payments for security deposits		(5,886,546)	-
Net cash provided by (used in) investing activities		(25,458,345)	(11,072,395)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment) of borrowings		1,561,620	(1,545,560)
Proceeds from issue of shares		25,220,737	24,732,029
Fundraising Costs		(1,059,530)	(1,088,327)
Net cash provided by (used in) financing activities		25,722,827	22,098,142
Net increase in cash held		(1,505,521)	9,650,642
Cash at beginning of financial year		10,042,567	392,001
Effect of exchange rates on cash holdings in foreign currencies		(27)	(76)
Closing Cash and Cash Equivalents	7	**8,537,019**	**10,042,567**

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 28th September 2011.

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 incurred a loss for the year of $1,901,079 (2011: $571,139) and net cash outflows from operating activities of $1,770,003 (2011: $1,375,105).

As at 30 June 2012, the Consolidated Group has a working capital of $4,802,675 (2011: $8,596,302).

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. These conditions indicate material uncertainty that may cast doubt about the ability of the Group to continue as a going concern.

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 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 FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. **Principles of Consolidation**

The consolidated financial statements comprise the financial statements of IronClad Mining Ltd and its subsidiaries as at 30 June 2012.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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.

Joint Venture Operations

The Group has certain contractual arrangements with other participants to engage in joint activities where all significant matters of operating and financial policy are determined by the participants such that the operation itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity due to the fact that the policies are those of the participants rather than a separate entity carrying on a trade or a business of its own.

The consolidated financial statements include its share of the assets, liabilities, revenue, expenses and cash flows in such joint venture operations, measured in accordance with the terms of each arrangement, which is usually pro-rata to the Group's interest in the joint venture operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, no account is taken of any performance conditions, other than conditions linked to the share price of IronClad Mining Limited ('market conditions').

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. **Exploration and Evaluation Expenditures**

Exploration and evaluation expenditures incurred are accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

(i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or

(ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in relation to areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided from when exploration commences and are included in the costs. Site restoration costs include the dismantling and removal of equipment, building structures, waste removal, and rehabilitation of the site.

r. **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”.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

s **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.

t. **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.

u. **Borrowing costs**

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

v. **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.

Exploration and evaluation costs

Exploration and evaluation expenditure 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

– AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

– AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments are not expected to significantly impact the Group.

– AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

– AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Group.

– AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

– AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i) for an offer that may be withdrawn – when the employee accepts;
(ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
(iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 2: REVENUE AND OTHER INCOME

	2012 $	2011 $
Interest earned	359,368	299,986
	359,368	**299,986**

NOTE 3: INCOME TAX

(a) **Income tax expense**

	2012 $	2011 $
Current tax	(716,762)	(700,538)
Deferred tax	-	-
	(716,762)	**(700,538)**
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(39,634)	(2,609,933)
Increase/(decrease) in deferred tax liabilities	39,634	2,609,933
	-	-

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

	2012 $	2011 $
Loss from ordinary activities before income tax	(2,617,841)	(1,271,677)
The prima facie tax refundable on loss from ordinary activities before income tax at 30%	(785,352)	(381,503)
Add / (Less) Tax effect of:		
Share based payments	15,599	(91,689)
Entertainment	931	1,558
Research and development claim	(105,000)	(143,352)
Other non deductible items		-
Prior year adjustment	157,060	(66,210)
Deferred tax assets not brought to account	-	(19,342)
Income tax attributable to operating loss	(716,762)	(700,538)
Applicable weighted average effective tax rates	Nil%	Nil%
Balance of franking account at year end	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 3: INCOME TAX (CONT'D)

	2012 $	2011 $
(c) **Deferred tax assets**		
Tax losses	10,765,554	9,700,111
Provisions and accruals	354,785	567,374
Capital raising costs	531,508	358,777
Other	78,021	18,845
	11,729,868	10,645,107
Set-off deferred tax liabilities	(9,359,337)	(9,319,703)
Net deferred tax assets	2,370,531	1,325,404
Less: deferred tax assets not recognised	(2,370,531)	(1,325,404)
Net tax assets	-	-
(d) **Deferred tax liabilities**		
Exploration expenditure	9,301,882	9,301,882
Other	57,448	17,821
	9,359,337	9,317,703
Set-off deferred tax assets	(9,359,337)	(9,317,703)
Net deferred tax assets	-	-
(e) **Tax losses**		
Unused tax losses for which no deferred tax asset has been recognised	7,901,769	4,418,012

(f) The potential deferred tax benefit of these tax losses has not been recognised as an asset because recovery of tax losses is not considered probable in the context of AASB 112.

The benefit of these tax losses will only be realised 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.

(g) The Group applied for and received a rebate from the Australian Taxation office of $716,762 (2011: $700,538) representing the tax value of research and development costs for the year. The refund is shown as an income tax benefit for the year.

(h) *Minerals Resource Rent Tax*

In addition to the above, due to the enactment of the Minerals Resource Rent Tax ("MRRT") in Australia, the Company has estimated the MRRT starting base valuation of the upstream operations of it's mining project as at 1 May 2010, as well as further expenditure deductible for MRRT incurred between 2 May 2010 and 30 June 2012 ("MRRT Interim Expenditure").

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 3: INCOME TAX (CONT'D)

No deferred tax asset has been recognised for the deductible temporary differences arising from the MRRT startingbase valuation or MRRT Interim Expenditure as it is not considered probable at this time that sufficient future mining profit (as defined under the MRRT Act 2012) will be generated to utilise these temporary differences. Deferred tax assets relating to deductible temporary differences that have not been recognised totalled $6,795,774 as at 30 June 2012.

NOTE 4: KEY MANAGEMENT PERSONNEL

Refer to the Remuneration Report contained in the Directors' Report for details of remuneration paid to each member of the Group's Key management personnel.

a. **Remuneration for Key Management Personnel**

	2012 $	**2011 $**
Short term employment benefits	1,082,134	664,967
Post employment benefits	84,287	60,676
Long-term benefits	-	-
Share-based payments	51,994	(71,131)
Termination payments	100,000	116,267
Total remuneration	**1,318,415**	**770,779**

b. **Number of Shares Held by Key Management Personnel**

2012	**Balance 1.7.2011**	**Granted As Compensation**	**Purchased**	**Options Exercised**	**Net Change Other***	**Balance 30.6.2012**
Ian Finch	113,482	-	-	18,897	-	132,379
Wayne Richards	-	-	-	-	-	-
Neil McKay	16,500	-	-	3,300	-	19,800
Peter Rowe	-	-	-	-	-	-
Robert Mencel	-	-	-	-	-	-
Allen Cauvin	-	-	-	-	-	-
Total	**129,982**	**-**	**-**	**22,197**	**-**	**152,179**

2011	**Balance 1.7.2010**	**Granted As Compensation**	**Purchased**	**Options Exercised**	**Net Change Other***	**Balance 30.6.2011**
Ian Finch	32,500	-	80,982	-	-	113,482
Neil McKay	11,000	-	5,500	-	-	16,500
Peter Rowe	-	-	-	-	-	-
Allen Cauvin	-	-	-	-	-	-
Patrick Clifford	-	-	-	-	-	-
Total	**43,500**	**-**	**86,482**	**-**	**-**	**129,982**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 4: KEY MANAGEMENT PERSONNEL (CONT'D)

c. **Number of Options Held by Key Management Personnel**

2012	**Balance 1.7.2011**	**Granted As Compensation**	**Exercised**	**Net Change Other***	**Balance 30.6.2012**	**Unvested and not exercisable**
Ian Finch	518,897	-	(18,897)	(500,000)	-	-
Wayne Richards	-	-	-	-	-	-
Neil McKay	503,300	-	(3,300)	(500,000)	-	-
Peter Rowe	-	400,000	-	-	400,000	-
Robert Mencel	-	-	-	-	-	-
Allen Cauvin	-	-	-	-	-	-
Total	**1,022,197**	**400,000**	**(22,197)**	**(1,000,000)**	**400,000**	**-**

2011	**Balance 1.7.2010**	**Granted As Compensation**	**Exercised**	**Net Change Other***	**Balance 30.6.2011**	**Unvested and not exercisable**
Ian Finch	1,125,000	-	-	(606,103)	518,897	-
Neil McKay	1,125,000	-	-	(621,700)	503,300	-
Peter Rowe	-	-	-	-	-	-
Allen Cauvin	-	-	-	-	-	-
Patrick Clifford	500,000	-	-	(500,000)	-	-
Total	**2,750,000**	**-**	**-**	**(1,727,803)**	**1,022,197**	**-**

*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.

NOTE 5: AUDITORS' REMUNERATION

	2012 $	**2011 $**
Remuneration of the auditor of the Group for:		
— Auditing and reviewing financial reports	59,585	29,600
— Other services	21,350	13,803
	80,935	**43,403**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 6: EARNINGS PER SHARE (EPS)

Basic earnings per share

The calculation of basic earnings per share at 30 June 2012 was based on the profit/ (loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding as follows:

	2012 $	2011 $
Profit / (Loss) attributable to ordinary shareholders	(1,901,079)	(571,139)
	No.	**No.**
Weighted average number of ordinary shares	85,513,462	59,301,472

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.

	2012 $	2011 $
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	19,701	10,956
Short-term bank deposits	8,517,318	10,031,611
	8,537,019	**10,042,567**

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

	2012 $	2011 $
CURRENT		
GST receivable	96,156	471,216
Research and development rebate	716,762	700,538
Interest receivable	32,124	78,946
Other	25,964	5,653
	871,006	**1,256,353**
NON-CURRENT		
Environmental bond	5,800,000	-
Office bond – Adelaide	33,378	45,519
Office bond – Perth	99,957	-
Other bonds	18,400	19,670
	5,951,735	**65,189**

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2012 $	2011 $
RESIDENTIAL CAMP		
At cost	5,056,651	-
Accumulated depreciation	-	-
	5,056,651	**-**
(a) Reconciliation		
Carrying amount at beginning of period	-	-
Transfer from assets under construction:		
Residential camp	5,056,651	-
Depreciation expense	-	-
Carrying amount at end of period	**5,056,651**	**-**
PLANT AND EQUIPMENT		
At cost	696,648	488,602
Accumulated depreciation	(432,624)	(307,095)
	264,024	**181,507**
(b) Reconciliation		
Carrying amount at beginning of period	181,507	170,513
Equipment additions	208,046	89,826
Depreciation expense	(125,529)	(78,832)
Carrying amount at end of period	**264,024**	**181,507**
UNDER CONSTRUCTION		
At cost	7,570,204	2,758,496
Accumulated depreciation	-	-
	7,570,204	**2,758,496**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	2012 $	2011 $
(c) Reconciliation		
Carrying amount at beginning of period	2,758,496	-
Additions:		
Tug boat	1,061,238	1,162,079
Barge	3,104,085	-
Residential camp	3,460,234	1,596,417
Loader and container	907,252	-
Dry magnetic separation plant	1,335,550	-
Transfer to assets under construction:		
Residential camp	(5,056,651)	-
Depreciation expense	-	-
Carrying amount at end of period	**7,570,204**	**2,758,496**
Total Property, Plant and Equipment	**12,890,879**	**2,940,003**

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

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE

	2012	2011
Carrying amount at beginning	14,206,234	22,306,496
Expenditure incurred during the year	53,846	8,699,778
Transfer to mine development costs	-	(16,800,040)
	14,260,080	**14,206,234**

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or site of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 11: MINE DEVELOPMENT EXPENDITURE

	2012 $	2011 $
Carrying amount at beginning	16,800,040	-
Expenditure incurred during the year	10,223,300	-
Transfers from exploration and evaluation expenditure	-	16,800,040
	27,023,340	**16,800,040**

The above costs relate to the development of the Wilcherry Hill iron ore project located in South Australia. The underlying assumption in determining the value of mining development expenditure is based on the assumption that the Group can continue as a going concern and can raise sufficient capital and/or funding as required to develop the project (refer to note 1 - going concern). This represents a material uncertainty, which ultimately may have an impact on the carrying value of this asset.

The recoverability of the carrying amount of mine development expenditure is dependent on the successful commercial exploitation, or alternatively, sale of the respective area of interest.

Impairment testing of Mine Development Expenditure

In assessing whether an impairment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Given the nature of the Group's activities, information on the fair value of an asset of this nature is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place.

Consequently, the method used in assessing whether there is any impairment charges on the mine development expenditure described below is "value in use".

The calculation of value in use is most sensitive to the following critical assumptions:

- Metal prices
- Production volumes
- Discount rates
- Operating costs
- Foreign exchange rates

Estimated metal prices used to support the carrying amounts of the mine development expenditure are based on spot rate iron ore prices at 30 June 2012. It is estimated that, if iron ore prices decreased by 10%, this would not result in an impairment charge to the mine development expenditure. If Iron ore prices fell by 20%, and prevail over the long term, then subject to the result from further optimisation program currently being undertaken, it may result in an impairment charge equivalent to the current value of the mine development expenditure.

The Group generally estimates value in use using a discounted cash flow model. The future cash flows are adjusted for risks specific to the asset and discounted using a discount rate of 9%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 $	2011 $
NOTE 12: TRADE AND OTHER PAYABLES		
Accounts payable	1,411,591	487,499
Payables to related entity	-	195,985
Other payables	61,921	61,921
Accruals	1,166,616	1,889,895
	2,640,128	**2,635,300**

Accounts payable are generally non-interest bearing and on 30 day terms. Related entity payable is further discussed in Note 26.

	2012	2011
NOTE 13: BORROWINGS		
Loan from related entity	1,818,281	-

Related entity borrowing is further discussed in Note 26.

		2012	2011
NOTE 14: PROVISIONS			
Employee entitlements	(i)	130,941	62,818
Taxes	(ii)	9,000	4,500
Rehabilitation	(iii)	7,000	-
		146,941	**67,318**

	2012	2011
(i) Provision for annual leave payable to employees		
Opening Balance	62,818	79,809
Amount Used	(180,299)	(170,573)
Additions	248,422	153,582
Closing Balance	**130,941**	**62,818**
(ii) Provision for fringe benefit tax payable		
Opening Balance	4,500	5,999
Amount Used	(35,675)	(22,779)
Additions	40,175	21,280
Closing Balance	**9,000**	**4,500**
(iii) Provision for environmental rehabilitation required after drilling		
Opening Balance	-	102,809
Amount Used	-	(102,809)
Additions	7,000	-
Closing Balance	**7,000**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15: ISSUED CAPITAL

		2012 $	2011 $
a.	**Ordinary shares**		
	At the beginning of reporting period	45,207,663	21,821,347
	Shares issued during the year		
	— Rights issue on 4 August 2010 at $0.85	-	7,456,886
	— Rights issue on 23 February 2011 at $0.75	-	17,271,002
	— Exercise of options at $0.75	12,245,587	4,141
	— Placement on 10 January 2012 at $0.80	6,000,000	-
	— Placement on 21 February 2012 at $0.85	2,975,050	-
	— Placement on 9 March 2012 at $0.85	4,000,100	-
	— Issued as underwriting fee on 20 April 2012	145,347	-
	At reporting date	70,573,747	46,553,376
	Transaction cost relating to share issues	(1,196,058)	(1,345,713)
	At the end of reporting period	**69,377,689**	**45,207,663**

		2012 Number	2011 Number
b.	**Ordinary shares**		
	At the beginning of reporting period	75,670,364	43,864,034
	— Rights issue on 4 August 2010 at $0.85	-	8,772,807
	— Rights issue on 23 February 2011 at $0.75	-	23,028,002
	— Exercise of options at $0.75	16,327,448	5,521
	— Placement on 10 January 2012 at $0.80	7,500,000	-
	— Placement on 21 February 2012 at $0.85	3,500,059	-
	— Placement on 9 March 2012 at $0.85	4,706,000	-
	— Issued as underwriting fee on 20 April 2012	200,000	-
	Total shares issued during the year	32,233,507	31,806,330
	At the end of reporting period	**107,903,871**	**75,670,364**

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 options issued to key management personnel during the financial year, refer Note 4: Key Management Personnel, Note 16: Options Reserve, and Note 18: Share-based Payments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15: ISSUED CAPITAL (CONT'D)

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:

	2012 **$**	**2011** **$**
Cash and cash equivalents	8,537,019	10,042,567
Trade and other receivables	871,006	1,256,353
Borrowings, short term provisions, trade and other payables	(4,605,350)	(2,702,618)
Total	**4,802,675**	**8,596,302**

NOTE 16: OPTION RESERVE

Reserves at the beginning of the reporting period	2,746,530	2,804,482
Movements in the year:		
500,000 employee options with exercise price $1.25 forfeited	-	(71,131)
250,000 employee options with exercise price $1.68 forfeited	-	(234,500)
1,200,000 compensation options with exercise price $0.75 issued	-	247,679
400,000 employee options with exercise price $0.75 issued	51,994	-
	2,798,524	**2,746,530**

The option reserve records items recognised as expenses on valuation of options issued to directors, employees and consultants.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 17: CASH FLOW INFORMATION

	2012 $	2011 $
Reconciliations from the net loss after tax to the net cash flow from operations		
- Profit/(loss) from ordinary activities after income tax	(1,901,079)	(571,139)
Add Back non-cash flows in operating loss		
- Options issued to directors & vendors	51,994	(305,631)
- Depreciation	3,044	53,209
- Foreign exchange loss (gain)	27	76
- Interest in borrowings	69,985	-
Less Change in assets & liabilities		
- Decrease (Increase) in receivables	30,599	(604,824)
- Increase in exploration and evaluation expenditure	(53,846)	(9,500)
- Increase (decrease) in trade & other creditors and accruals	29,273	62,704
Net cash outflows from Operating Activities	**(1,770,003)**	**(1,375,105)**

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

The Company issued nil options to consultants (2011: 1,200,000) during the financial year.

	2012		2011	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at the beginning of the year	1,750,000	0.99	8,050,000	2.28
Granted	400,000	0.75	1,200,000	0.75
Exercised	(1,200,000)	0.75	-	-
Forfeited	-	-	(750,000)	1.39
Expired	-	-	(6,750,000)	2.44
Outstanding at year-end	**950,000**	**1.19**	**1,750,000**	**0.99**
Exercisable at year-end	**950,000**	**1.19**	**1,750,000**	**0.99**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 18: SHARE-BASED PAYMENTS (CONT'D)

The options outstanding at 30 June 2012 had a weighted average exercise price of $1.19 (2011: $0.99) and a weighted average remaining contractual life of 0.36 years (2011: 0.94 years). Exercise prices of these options range from $0.75 to $2.00 (2011: $0.75 to $2.00).

The options that were issued during the year had their price calculated by using a Black-Scholes option pricing model applying the following inputs:

	2012	**2011**
Weighted average exercise price	$0.75	$0.75
Weighted average life to exercise date of the option	1.32 years	0.98 years
Underlying share price	$0.65	$0.78
Expected share price volatility	52%	59%
Risk free interest rate	3.76%	4.75%

12-monthly historical volatility from grant date has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included in the Consolidated Statement of Comprehensive Income is share based payment of $51,994 (2011: income of $305,631), and relates, in full, to the 400,000 options granted during the year.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT'D)

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 2012					
Consolidated Cash	8,537,019	(85,370)	(85,370)	85,370	85,370
Environmental bond	5,800,000	(58,000)	(58,000)	58,000	58,000
Office Bonds	133,335	(1,333)	(1,333)	1,333	1,333
Loan from other entities	(1,818,281)	18,183	18,183	(18,183)	(18,183)
30 June 2011					
Consolidated Cash	10,042,567	(100,426)	(100,426)	100,426	100,426
Office Bonds	38,477	(385)	(385)	385	385
Loan from other entities	-	-	-	-	-

- 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 FOR THE YEAR ENDED 30 JUNE 2012

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT'D)

(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 FOR THE YEAR ENDED 30 JUNE 2012

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT'D)

2012	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		-	838,882	-	-	838,882
Variable interest rate	3.49	8,537,019	-	-	-	8,537,019
Fixed interest rate	4.99	-	5,927,743	-	-	5,927,743
		8,537,019	**6,766,625**	**-**	**-**	**15,303,644**
Financial Liabilities						
Non-interest bearing		2,578,207	-	61,921	-	2,640,128
Variable interest rate		1,818,281	-	-	-	1,818,281
		4,396,488	**-**	**61,921**	**-**	**4,458,409**
Net financial assets		**4,140,531**	**6,766,625**	**(61,921)**	**-**	**10,845,235**
2011						
Financial Assets						
Non-interest bearing		-	1,177,408	-	-	1,177,408
Variable interest rate	4.72	2,023,208	-	-	-	2,023,208
Fixed interest rate	5.92	6,519,359	1,538,477	-	-	8,057,836
		8,542,567	**2,715,885**	**-**	**-**	**11,258,452**
Financial Liabilities						
Non-interest bearing	-	2,573,379	-	61,921	-	2,635,300
Variable interest rate	-	-	-	-	-	-
		2,573,379	**-**	**61,921**	**-**	**2,635,300**
Net financial assets		**5,969,188**	**2,715,885**	**(61,921)**	**-**	**8,623,152**

(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 FOR THE YEAR ENDED 30 JUNE 2012

NOTE 20: JOINT VENTURES

The Group has interests in unincorporated joint ventures as follows:

	Principal Activities	Interest		Carrying Value ($)	
		2012	**2011**	**2012**	**2011**
Wilcherry Hill Iron Ore Joint Venture	Mineral exploration JV for iron with Trafford Resources Limited whereby Ironclad has earned 80% equity in the project by sole funding $10M by 21 May 2009. Trafford continues to have a free-carried interest until production of extracted minerals commences.	80%	80%	41,283,420	31,006,274

NOTE 21: CONTROLLED ENTITIES

Name of Entity	Principal Activity	Interest	Interest
		2012	**2011**
Coastal Shipping Logistics Pty Ltd	Sea vessel owner and operator to be used for Lucky Bay's transhipping operations	100%	100%

NOTE 22: COMMITMENTS

Tenement Commitments

In order to maintain current rights of tenure to mining tenements, the Group has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the consolidated financial statements and are payable:

	2012 $	2011 $
Not longer than one year	-	695,000
Longer than one year, but not longer than five years	-	3,985,000
Longer than five years	-	-
	-	**4,680,000**
Lease Commitments		
Not longer than one year	615,737	437,667
Longer than one year, but not longer than five years	1,478,717	1,448,660
Longer than five years	-	300,000
	2,094,454	**2,186,327**
Capital Commitments		
Not longer than one year	6,183,429	4,353,884
	6,183,429	**4,353,884**

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 23: PARENT ENTITY DISCLOSURES

	2012 $	2011 $
a) Financial Position		
Assets		
Current assets	14,736,000	12,461,476
Non-current assets	54,798,632	32,849,387
Total assets	**69,534,632**	**45,310,863**
Liabilities		
Current liabilities	4,605,350	2,702,618
Non-current liabilities	-	-
Total liabilities	**4,605,350**	**2,702,618**
Equity		
Issued capital	69,377,689	45,207,663
Options Reserve	2,798,524	2,746,530
Accumulated Losses	(7,246,931)	(5,345,948)
Total Equity	**64,929,282**	**42,608,245**
b) Financial Performance		
Loss for the year	(1,900,983)	(570,662)
Other comprehensive income	-	-
Total comprehensive income	**(1,900,983)**	**(570,662)**
c) Guarantees Entered into by the Parent Entity in Relation to the Debts of its Subsidiaries		
Guarantee provided under the deed of cross guarantee (i)	-	-
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	3,761,871	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
Total	**3,761,871**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 24: 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 FOR THE YEAR ENDED 30 JUNE 2012

NOTE 24: OPERATING SEGMENTS (CONT'D)

	Wilcherry Joint Venture $	Coastal Shipping Logistics P/L $	Total $
(i) Segment performance			
Period ended 30.06.2012			
Segment revenue	**-**	**-**	**-**
Reconciliation of segment revenue to Group's revenue			
Net interest income			289,382
Total revenue			**289,382**
Segment result	**-**	**(95)**	**(95)**
Reconciliation of segment result to Group's net loss before tax			
Unallocated items:			
Net corporate Charges			(2,562,708)
Depreciation			(3,044)
Option issue expense			(51,994)
Net loss before income tax			**(2,617,841)**
Period ended 30.06.2011			
Segment revenue	**-**	**-**	**-**
Reconciliation of segment revenue to Group's revenue			
Net interest income			239,223
Total revenue			**239,223**
Segment result	**-**	**(477)**	**(477)**
Reconciliation of segment result to Group's net loss before tax			
Unallocated items:			
Net corporate Charges			(1,497,999)
Depreciation			(78,832)
Option issue expense			305,631
Net loss before income tax			**(1,271,677)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 24: OPERATING SEGMENTS (CONT'D)

(ii) Segment assets	**Wilcherry Joint Venture $**	**Coastal Shipping Logistics P/L $**	**Total $**
Period ended 30.06.2012			
Segment assets	54,397,873	5,327,402	59,725,275
Reconciliation of segment assets to Group's assets			
Unallocated items:			
Cash and cash equivalents			8,537,019
Trade and other receivables			1,007,741
Property, plant and equipment			264,024
Total assets			**69,534,059**
Additions to segment assets for the year:			
Exploration expenditure	53,846		53,846
Development expenditure	5,703,037	4,165,323	9,868,360
Capital expenditure	10,223,300	-	10,223,300
Other – environmental bond	5,800,000	-	5,800,000
Total additions to segment assets	**21,780,183**	**4,165,323**	**25,945,506**
Period ended 30.06.2011			
Segment Assets	32,617,690	1,162,079	33,779,769
Reconciliation of segment assets to Group's assets			
Unallocated items:			
Cash and cash equivalents			10,042,567
Trade and other receivables			1,306,543
Property, plant and equipment			181,507
Total assets			**45,310,386**
Additions to segment assets for the year:			
Exploration expenditure	9,500	-	9,500
Development expenditure	8,690,278	-	8,690,278
Capital expenditure	1,596,416	1,162,079	2,758,495
Other – security bond	-	-	-
Total additions to segment assets	**10,296,194**	**1,162,079**	**11,458,273**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 24: OPERATING SEGMENTS (CONT'D)

(iii) Segment liabilities	**Wilcherry Joint Venture $**	**Coastal Shipping Logistics P/L $**	**Total $**
Period ended 30.06.2012			
Segment liabilities	2,729,678	-	2,729,678
Reconciliation of segment liabilities to Group's liabilities			
Unallocated items:			
Trade and other payables			1,728,731
Provisions			146,941
Total liabilities			**4,605,350**
Period ended 30.06.2011			
Segment liabilities	2,235,703	-	2,235,703
Reconciliation of segment liabilities to Group's liabilities			
Unallocated items:			
Trade and other payables			399,597
Provisions			67,318
Total liabilities			**2,702,618**

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 25: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to year end, the Group has completed full review of the transhipping operation at Lucky Bay. The review has recommended for the existing tug and powered barge carried at cost of $5,292,402 as at 30 June 2012 within Property, Plant and Equipment be disposed and replaced with two smaller, more powerful tugs and two 70-metre dumb barges, all of which can be easily chartered. These changes will bring substantial improvements to the efficiency of the transhipment process.

As at 26 September 2012, the spot price of iron ore was $105 USD per Tonne. This represents a decrease of 20% from the spot price at 30 June 2012. Based on changing the assumption regarding the selling price of iron ore in the Company's cashflow forecasts to $105 USD per Tonne, and should the decrease in the spot price prevail over the long term, then subject to the result from further optimisation program currently being undertaken, it may result in an impairment equivalent to the current value of the Group's capitalised mine development expenditure referred in note 11.

On 27th July 2012, Mr Richards resigned as Managing Director. Mr Mencel the Company's Chief Operating Officer accepted the additional role as acting Chief Executive Officer, and will continue his responsibilities for all technical matters relating to the implementation of mining, processing, transport and port operations of the Wilcherry Hill Iron Ore Project. Mr Finch, the Chairman became responsible for corporate and financial matters.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 26: 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 entered into an agreement with Trafford Resources Limited whereby the Company could acquire technical and administration services from Trafford while the Company focused its resources on its development. Invoices for these services are issued to IronClad on a monthly basis.

During the year, the Company entered into a short term unsecured loan agreement with Trafford allowing the Company to borrow up to $2,000,000 from Trafford. As at 30 June 2012, including the amount payable for technical and administration services, the Company has borrowed $1,818,281 from Trafford under the loan agreement. Loan interest is calculated based on rates published by Trafford's banker for borrowing unsecured funds per annum.

Director Related Entities:

Remuneration (excluding the reimbursement of costs) received or receivable by the directors of the Group and aggregate amounts paid to superannuation plans in connection with the retirement of directors are disclosed in the Remuneration Report and Note 4 to the accounts.

These transactions were made on commercial terms and conditions at market rates.

NOTE 27: CONTINGENT LIABILITIES

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

NOTE 28: 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 25 to 63 and the remuneration disclosure that are contained in pages 19 to 23 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 2012 and of the performance for the year ended on that date of the company;
   c. the remuneration disclosures that are contained in pages 19 to 23 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.

Ian D. Finch, Executive Chairman
Dated this 28th day of September 2012

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

Independent Auditor's Report

To the Members of IronClad Mining Limited

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

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation 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)*

Bentleys
THINKING AHEAD

Independence

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

Auditor's Opinion

In our opinion:

a. The financial report of IronClad Mining Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

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

Emphasis of Matter

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the company incurred a net loss of $1,901,079 during the year ended 30 June 2012. 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.

Carrying Value of Mining Development Expenditure

Without qualifying our opinion, we also draw the reader's attention to Note 11 and Note 25 in the financial report which indicates a carrying amount for the Mine Development Expenditure totalling $27,023,340 as well as the key assumptions used to support this project. These costs relate to the development of the Consolidate Entity's Wilcherry Hill iron ore project which is located in South Australia. The successful exploitation of this project is dependant upon the Consolidated Entity securing funding either by debt or equity raising to fully develop the project, or alternatively its sale at an amount greater than the carrying amount. At the date of our report this represents a material uncertainty which may cast significant doubt in relation to the carrying amount of this asset.

Independent Auditor's Report

To the Members of IronClad Mining Limited *(Continued)*

Report on the Remuneration Report

We have audited the Remuneration Report included in directors' report of the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

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

Bentleys

BENTLEYS
Chartered Accountants

RANKO MATIC CA
Director

DATED at PERTH this 28th day of September 2012

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The distribution of members and their holdings of equity securities in the Company as at 24 September 2012 was as follows:

1. **Shareholding**

a. **Distribution of Shareholders**

Distribution of Shareholders	Number of Holders	Number Ordinary
1 – 1000	269	123,013
1001 - 5000	537	1,556,460
5,001 – 10,000	349	2,759,977
10,001 – 100,000	638	19,774,701
100,001 – and over	101	83,689,720
	1,894	**107,903,871**

b. The number of shareholdings held in less than marketable parcels is 370.

c. The names of the substantial shareholders listed in the holding company's register as at 24 September 2012 are:

Shareholders	Number Ordinary
Trafford Resources Limited	29,775,445
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	29,775,445	27.60
2.	New Page Investments Limited	7,500,000	6.95
3.	HSBC Custody Nominees (Australia) Limited	4,023,407	3.73
4.	Hanlong Metals Limited	3,780,000	3.50
5.	Mahsor Holdings Pty Limited	2,571,620	2.38
6.	UBS Nominees Pty Limited	2,476,467	2.30
7.	Buttonwood Nominees Pty Limited	2,000,000	1.85
8.	Mahsor Holdings Pty Limited	1,691,886	1.57
9.	JP Morgan Nominees Australia Limited	1,680,884	1.56
10.	National Nominees Limited	1,464,438	1.36
11.	Admark Investments Pty Limited	1,150,000	1.07
12.	Dr. Salim Cassim	910,438	0.84
13.	R W Associates Pty Limited	865,000	0.80

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT'D)

e. **20 Largest Shareholders — Ordinary Shares (cont'd)**

	Name	**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
14.	Kembla No 20 Pty Limited	863,147	0.80
15.	Mr. Michael John Williams & Mrs Katrina Elfreda Williams	832,667	0.77
16.	Dymax Consultants Pty Limited	806,311	0.75
17.	Seivad Investments Pty Limited	799,901	0.74
18.	Tribal Mining Corporation	779,973	0.72
19.	Flue Holdings Pty Limited	770,000	0.71
20.	Pennock Pty Limited	750,000	0.70
		65,491,584	**60.70**

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. 150 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**

   Options over Unissued Shares

   A total of 550,000 options are on issue. 400,000 options are on issue to current directors and 150,000 to employees under the IronClad Mining Limited Employee Option Plan.

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 made it a priority to adopt systems of control and accountability as the basis for administration of its Corporate Governance.

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 2012 ("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 or Executive Chairman. The Chief Executive Officer and other senior executives are responsible for supporting and assisting the Managing Director or 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 or Executive Chairman, which assesses individual performance. The Managing Director or 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	(see table below)

Name	Position	Expertise	Term of Office
Ian D. Finch	Executive Chairman	Commercial and Exploration	Appointed 19 April 2007 62 months
Wayne Richards (Resigned – 27 July 2012)	Managing Director	Commercial and Development	Appointed 1 March 2012 5 months
Neil W. McKay	Non Executive Director	Commercial	Appointed 19 April 2007 62 months
Peter W. Rowe	Non Executive Director	Commercial and Development	Appointed 16 Feb 2009 40 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 an acting Chief Executive Officer ("CEO") 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 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, having 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 in relation to ethical conduct in employment. • Securities Trading – Directors and Executives • Continuous Disclosure • The Company's Obligations to Stakeholders • Code of Conduct for Directors and Key Officers • Health Safety Environmental Charter 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. The Company operates in a sector which is experiencing significant skill shortages and has a relatively low number of employees. 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 2012, the Company had a diverse workforce with 3 females out of 21 employees, representing 14% 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 auditors of the Company and the board from time to time will review the scope, performance and fees of those external auditors.
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 a 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.

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 and had commissioned an Indicative Feasibility Study, which outlined material risk for the 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 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 24 SEPTEMBER 2012

South Australia Tenement Schedule - 24 September 2012					
Exploration License Number	**Area (km^2)**	**Tenement Name**	**Registered Holder**	**JV Partner**	**Comment**
4286	66	Valley Dam	Trafford Resources Limited	TRF	80% of Fe earned
4421	408	Peterlumbo	Trafford Resources Limited	TRF	80% of Fe earned
3981	115	Eurilla Dam	Trafford Resources Limited	TRF	80% of Fe earned
4162	387	Wilcherry Hill	Trafford Resources Limited	TRF	80% of Fe earned
Mining Lease Number	**Area (km^2)**	**Tenement Name**	**Registered Holder**	**JV Partner**	**Comment**
6390	40.25	Wilcherry Hill	IronClad Mining Limited	TRF	80% of Fe

TRF = Trafford Resources Ltd.