IRONCLAD
MINING LIMITED

ABN 79 124 990 405

AND

CONTROLLED ENTITIES

Annual Report
For the year ended
30 June 2013

CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN
Ian D. Finch

MANAGING DIRECTOR
Robert J. Mencel

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

COMPANY SECRETARY
Neil W. McKay

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

BANKERS
Westpac Banking Corporation
Murray Street
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Chairman's Letter

Dear Members,

Last year, at this time, I outlined to you the road map to production, within the minefield of shrinking prices, rising costs and catatonic financial markets.

By necessity the Company strategy had to change.

The fall in iron ore spot prices in China coupled with the demise of world equity markets meant that our "*low start up capital – early **high** operating costs*" strategy had to be reviewed in order to produce a "*low start up capital – early **low** operating costs*" scenario which prospective lenders would find compelling. Yet another challenge for the IronClad team! With typical tenacity, however, they immediately started work on two of the major cost reduction components.

Our February / March drilling programme, aimed at outlining additional shallow, direct shipping ore (DSO), was highly successful. Low cost, near surface ore reserves were increased significantly. This increase, in turn, allowed access to additional, magnetite ore capable of being easily and cheaply upgraded to specification by dry magnetic separation (DMS).

In addition to increasing the low cost DSO and DMS reserves every single mining, processing, transport, shipping and marketing cost was revisited, scrutinised and where possible, reduced - without affecting the integrity of the project.

Integral in this cost reduction process was the need to transport ore in bulk from the mine site and establish a bulk buffer zone at the Lucky Bay port. This required an amendment to the existing port approval, previously granted by the South Australian Government. Despite receiving ministerial sponsorship, this relatively simple amendment application by IronClad and Sea Transport Corporation (STC) became mired in the Development Assessment Commission (DAC).

The application was lodged with the DAC on **18th February** this year.

This unleashed some 46 items that required significant further input by IronClad / STC on issues such as (but not limited to) dust, acoustics and stormwater, including data gathering, modelling and the formulation of detailed operational control management plans. Your Company's comprehensive response was provided on **17th May.** A public notification period then commenced, and was due to close **23rd June.** Processing and administrative delays meant that that period only closed on **18th July.**

3 public and 3 government submissions were received for consideration. IronClad responded to each of these submissions and a provisional hearing date was set for **22nd August.** The hearing was first postponed to the **29th August** and then to **12th September** due to poor communication between the Environmental Protection Agency and DAC.

At the hearing on the **12th September** it was resolved by the Commission to defer any decision until IronClad provided a raft of responses to questions – most of which had little or nothing to do with our specific amendment application! IronClad will, of course, comply and provide all requested information to the DAC at the new hearing date of **10th October.** It is my sincerest wish that this will see an end to, what has been a tortuous and expensive process and that I will be able to report to members at the Annual General Meeting that all relevant approvals are in place.

I wish to take this opportunity to thank all shareholders for remaining stoic in the face of persistent delays and deferments to our project.

Furthermore, I would also like to thank the dedicated IronClad staff, in both Perth and Adelaide offices, for their continuing ability to rise to each of the challenges that have been thrown up over the years and overcome them.

I look forward to the exciting and productive year ahead of us.

Ian Finch
Chairman

Project Overview

DEVELOPMENT OF WILCHERRY HILL IRON PROJECT

The Company continued its development of the Wilcherry Hill Iron Ore Project. It has continued to seek amendments to the development approval of its proposed Lucky Bay Common User Facility (CUEF) which, if approved, will result in significant operating (Opex) and capital (Capex) cost savings. IronClad remains confident that the outstanding Lucky Bay Development Application (DA) will be granted and that the significant cost savings anticipated will justify seeking the amendments to the approval and subsequent project delay. IronClad's number one priority remains this outstanding revised approval.

In the past months, the Company held a series of discussions with banks, non-banks and potential customers regarding project funding. Funding efforts have focused on two preferred options: one being a commodity trader and / or an end user providing funding linked to the establishment of a long term iron ore off take agreement and the other the possibility of bank finance supported by buyer guarantees. Both options have attracted interest and discussions are ongoing.

Government Approvals

The Development Application (DA) for the Lucky Bay Common User Facility was submitted in February 2013, immediately following receipt of the Section 49 Sponsorship from the South Australian Department of Manufacturing, Innovation, Trade, Resources and Energy (DMITRE). The Section 49 classification required the DA to be processed under the development system framework for Crown and public infrastructure projects processed by the South Australian Development Assessment Commission (DAC).

On 17 April 2013, IronClad received an additional information request from DAC with comments from the South Australian Environmental Protection Authority (EPA) and other SA Government agencies. The information requests were extensive covering some 46 items. As a result, further environmental monitoring and modelling was required for air quality (dust), acoustics and stormwater management in order to satisfy these information requests. Further, an additional series of management plans was prepared and submitted to provide detailed operational control information for all anticipated environmental impacts associated with the project. These responses were prepared and submitted on 17 May 2013.

A site visit with the EPA and DAC assessment staff was conducted in May 2013 to review the Lucky Bay site and clarify outstanding environmental assessment issues. This included a meeting and Q&A session with Franklin Harbour Council and their elected members. Following this, and also in May, a program of public consultation was carried out in the Franklin Harbour Council Chambers, for the local community. Ironclad and its consultants including engineering, acoustics and air quality specialists were available to provide a project overview and discuss any matters of concern with the public. Over 40 people representing the Cowell and Lucky Bay community were present.

Shortly after the public consultation in Cowell, DAC advised IronClad that the formal advertising and period for public comment, a statutory requirement for any DA, would begin in early June and be complete by 23 June. However on 3 June IronClad received further advice from DAC that some minor changes were required to the DA documentation prior to advertising and public comment. A response was provided to DAC on 4 June and a meeting held with DAC to advise the urgency of progressing to public notification as quickly as possible. Unfortunately the application encountered some further administrative delays which were finally resolved on 18 June with advertising and the opening of the period for public comment. Submissions closed on 11 July 2013. Three (3) public submissions were received and IronClad is currently responding to those submissions. Two (2) of the submissions requested a hearing from the Development Assessment Commission (DAC). A full sitting of the DAC will now be required to consider the submissions along with the IronClad response. A date is currently being set for the DAC hearing and, while not yet confirmed, is most likely to be scheduled for mid-August 2013. A final approval decision is expected within 10 to 14 days of the DAC hearing.

The mining lease (ML) for Wilcherry Hill is currently subject to a statutory exemption under the South Australian Mining Act, allowing IronClad to hold the lease but releasing the Company from a requirement to commence mining operations. This exemption is currently due to expire on 1 August 2013. To commence mining a revised Program for Environmental Performance and Rehabilitation (PEPR) is required to be submitted and approved prior to mining commencement. A PEPR was prepared in April and May and formally submitted to the South Australian Department of Manufacturing Innovation, Trade, Resources and Energy (DMITRE) during the week of 20 May 2013. Discussions with DMITRE indicate that the period of approval for the PEPR amendment will be 8-10 weeks from submission. The process for the approval of the revised PEPR is on track. The Company expects approval to be granted in the near future.

Project Overview

Mining

A number of internal financial studies reaffirm that the economics of mining at Wilcherry Hill can be improved with the delineation of additional high grade, low strip ratio direct shipping ore (DSO). Commencing the mining operation in stages, with the first stage being a low cost DSO operation followed by a subsequent, low cost, beneficiation stage, remains the preferred strategy.

Infill drilling programs early in 2012 had delineated zones of continuous mineralisation that fitted the above ore criteria. It was apparent that the closer spaced drilling enabled better geological domain definition and subsequent improvements to the resource model as smoothing of iron grades was minimised. This led to a campaign of infill drilling to delineate additional DSO to supplement the Stage 1 DSO mining operation being planned for Wilcherry Hill.

The results from the DSO infill drilling campaign completed have been used in updating reserves, pit designs and mining schedules for a range of pricing scenarios. Updates have been carried out for Weednanna (WDA), Weednanna North (WDN), Ultima Dam East (UDE) and the Ultima Dam West (UDW) deposits.

In order to further minimise both operating and capital costs a supplementary optimisation study by independent consultant Runge Pinock Minarco was commissioned. This work is ongoing and results will be reported in the coming quarter. Preliminary mining studies were also completed on the Black Hills West and Ultima Dam West mineral resources.

Processing

Design work on the gravity separation plant and associated tailings dam has been put on hold pending further interpretation of drill results and pit designs.

Logistics and Infrastructure

The Company plans to utilise an economical transportation system that will transport low cost, high value DSO from its Wilcherry Hill iron ore project near Kimba, on the State’s Eyre Peninsula, to a vessel positioned seven nautical miles off Lucky Bay, in SA’s Spencer Gulf.

The DSO will be transported initially by double road trains from the mine site to a stockpile storage facility approximately 1.5km from the port of Lucky Bay, which is located 120km south of Whyalla. From there it will be loaded into air-tight containers and tractor transported to the portside hardstand before being loaded by crane onto dumb barges. Tugs will then take the barges 5.5 nautical miles out to sea where a barge mounted crane will be moored. The floating crane will then load the ore from the containers into Panamax or Cape-sized vessels anchored alongside it. The containers are lifted from the barge utilising custom made “rotainers” fitted to the crane and lowered into the ship’s hold. The rotainers will tip the containers upside down, emptying their contents. A dust suppression system on the vessel will assist in minimising dust emissions. The loading vessel will be anchored in such a position that its hull creates a “lee” or calmer water against the wind and swell, ensuring the floating crane and barges can safely operate in most weather conditions.

A trial of this proposed transhipping system was successfully conducted offshore from Port Adelaide. The trial was conducted using a barge mounted crane trialling the container handling devices purchased by IronClad lifting and rotating prototype containers on and off a floating barge. The trial verified the viability of the innovative trans-shipment system developed by Ironclad for its ore export operation from Lucky Bay on the West side of the Eyre Peninsula.

To become fully operational, the system requires the purchase or lease of two dumb barges, a barge mounted crane, two tugs and approximately 300 containers, in which the ore will be transported out to sea. Discussions are in progress with specialised lending institutions to fund the acquisition of the port fleet.

Health, Safety, Environment and Community

There were no lost time incidents during the year. Similarly there were no environmental related incidents reported and ongoing environmental monitoring and reporting was carried out on schedule. This included the annual environmental compliance review (MARCR) report which was submitted to government in March 2013.

Project Overview

EXPLORATION PROJECTS

Ongoing exploration activities were undertaken during the year in order to identify additional high grade, low cost iron resources suitable as direct shipping ore (DSO).

The Zealous and Black Hill West prospects have previously been identified as prospective for near surface DSO and were drilled during the year. The drilling program comprised 10 reverse circulation (RC) holes for 533m at Zealous and 23 (RC) holes for 1,340m of drilling at Black Hill West.

No mineralisation suitable as DSO was identified at Zealous. Of the 10 holes drilled, 6 intersected goethitic mineralisation. A vertical to steep dip is indicated with a 330^{o} strike orientation. The iron mineralisation intersected has an indicated strike length of 150m with a true width of 15m – 20m. It is open to the North and South and at depth. Further drilling is warranted as a potential target for mineralisation suitable for upgrade via beneficiation processes.

DSO grades were encountered at Black Hill West. Drilling identified a zone of near surface hematite/ goethite mineralisation transitioning at depth to more magnetite dominant. The mineralisation style is similar to the skarn style observed at the Wilcherry Hill Iron Project. The mineralised zone is open to the east. Approximate current dimensions are 150m strike and 60m depth extent. True width varies from 1m up 20m.

Only one of two adjacent, intense aeromagnetic anomalies at the Black Hill West prospect have been drilled to date (Figure 1). The prospects drilled represent 2 out of the 30 targets identified to date as having potential for near surface DSO. The mineral resource delineated at BHW is associated with a magnetic anomaly. Higher intensity magnetic anomalies occur 200m to the east and 2km to the south. As previously reported, ground magnetic surveys, to provide better data resolution, have been completed over these areas and the area drilled.

Geophysical modelling has been completed on these three areas. The potential for additional near surface (<100m) iron mineralisation and more extensive primary iron mineralised bodies has been demonstrated. Reconnaissance drilling is now planned.

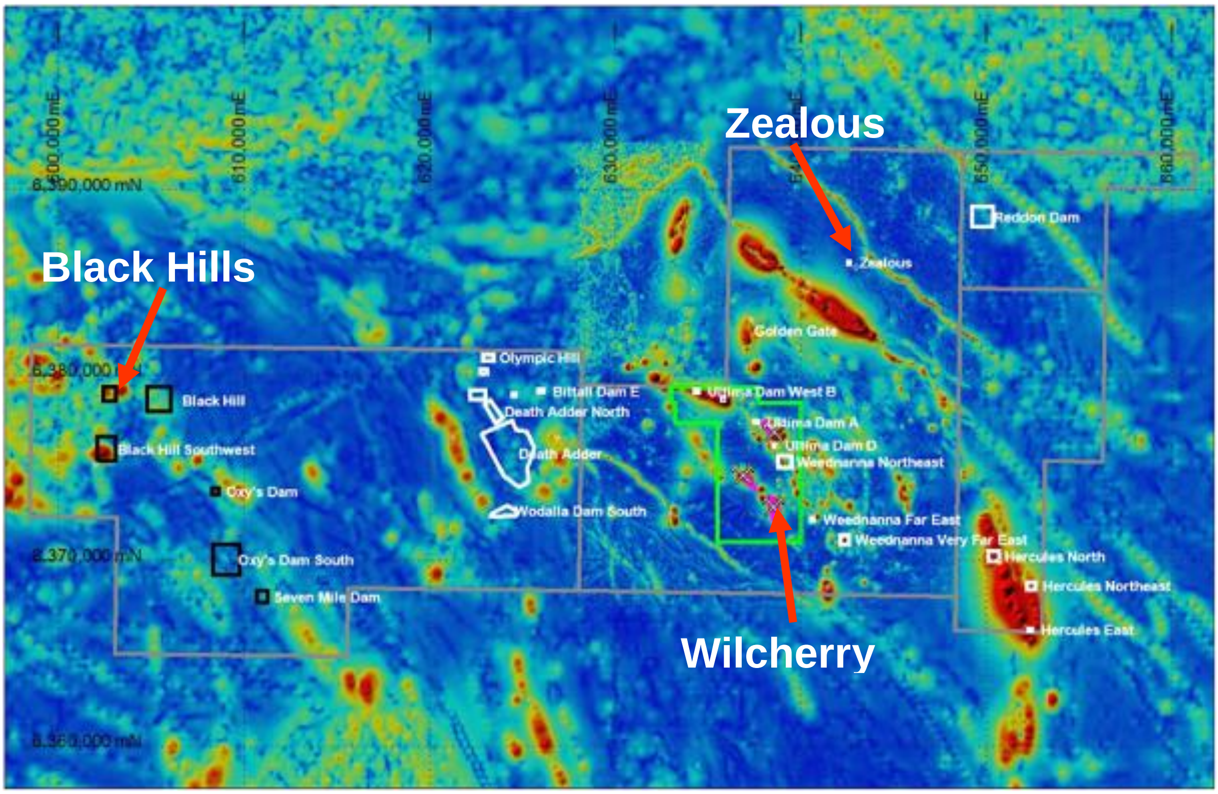

Figure 1: Locality of Zealous and Black Hills West to Wilcherry Hill

Project Overview

Hercules

The prospect lies approximately 15km to the South East of the Company's Wilcherry Hill project on EL 5164.

The target at Hercules is near surface low strip ratio mineralisation with grades suitable for upgrade via beneficiation. Mineralisation with low LOI (loss on ignition) is of particular interest.

A reverse circulation drill program comprising 29 holes for 2,198m was completed during the period. Drill hole location is shown at Figure 2.

The broad spaced (up to 500m x 100m) program has confirmed a 4km northerly extension (Figure 2) of the known near surface goethite and hematite mineralisation that forms part of the Inferred Mineral Resource (194Mt @ 27.1% Fe – ASX Release 22nd December 2008).

Prospective banded iron formation (BIF) stratigraphy has now been intersected over a 7km strike length (Figure 2).

Significant down hole intercepts are listed in table 1; a complete listing of intercepts greater than 25% Fe is provided on ASX release of Quarterly Activities Report on 1 May 2013.

	DEPTH (m)		INTERVAL						
HOLE_ID	**FROM**	**TO**	**(m)**	**FE%**	**SiO2%**	**Al2O3%**	**P%**	**S%**	**LOI%**
13HCRC003	29	54	25	27.3	36.6	11.3	0.13	0.15	10.1
13HCRC006	4	30	26	30.4	24.2	13.8	0.30	0.18	13.1
13HCRC009	19	46	27	39.4	17.7	10.9	0.53	0.14	12.6
13HCRC010	5	55	50	37.2	26.1	9.7	0.18	0.06	7.6
Including	*9*	*36*	*27*	*44.9*	*20.0*	*7.2*	*0.17*	*0.06*	*6.1*
13HCRC011	3	35	32	28.1	34.0	10.1	0.19	0.08	9.9

Table 1 Hercules Prospect Significant Results

Following on from the exploration drilling completed, preliminary testwork was conducted to examine the potential upgrade of iron and the deportment of impurity minerals. Five composite samples of varying LOI were sent to Nagrom Laboratories for Wilfley table gravity concentration testwork. Results are promising.

Based on the behaviour of iron during the testwork, there is potential for a gravity beneficiation resource at Hercules if care is taken to utilise the LOI to define material types. Samples with LOI less than 7% gave approximately 40% mass yield at about 62% Fe concentrate grade. Given that the samples selected were only 40% Fe head grade, material of higher iron grades will be expected to give better results

Updating the geological interpretation commenced ahead of revising the existing 2008 JORC Mineral Resource. It is anticipated this will be completed by the end of September 2013. Once completed an assessment of the low LOI potential will be possible and further exploratory and / or metallurgical testwork recommended.

Project Overview

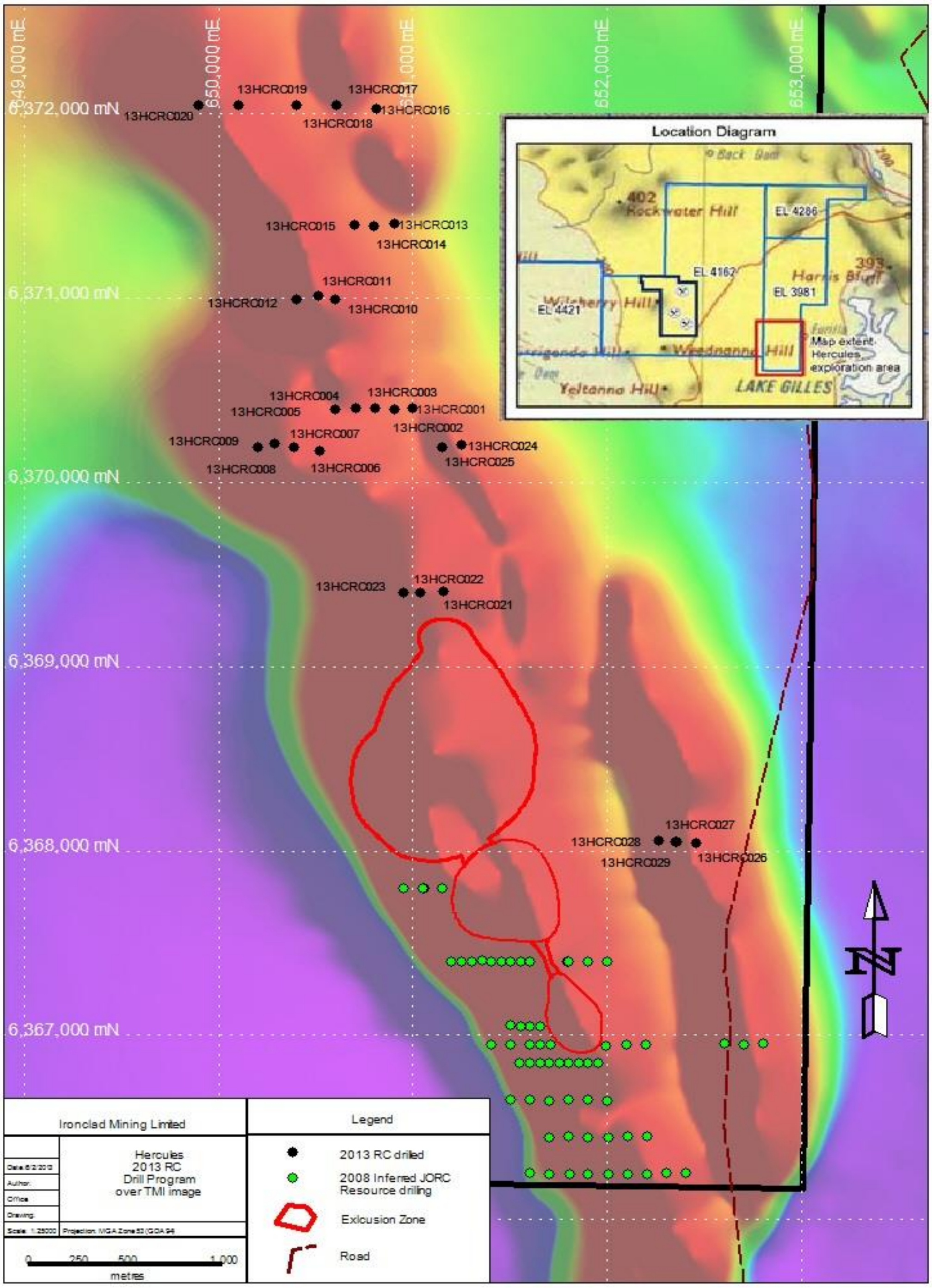

Figure 2 Hercules Prospect Drill hole locations.

Regional

Systematic progress is being made in reviewing and field checking all historical, potential prospects / exploration targets within the JV tenement areas. This process will generate ongoing drill targets to continue to build the resource base to sustain a long term DSO / DMS mining operation. This program is expected to be completed in September 2013. While not an exhaustive list, a total of 115 anomalous targets were identified on the JV tenements (Figure 3).

Project Overview

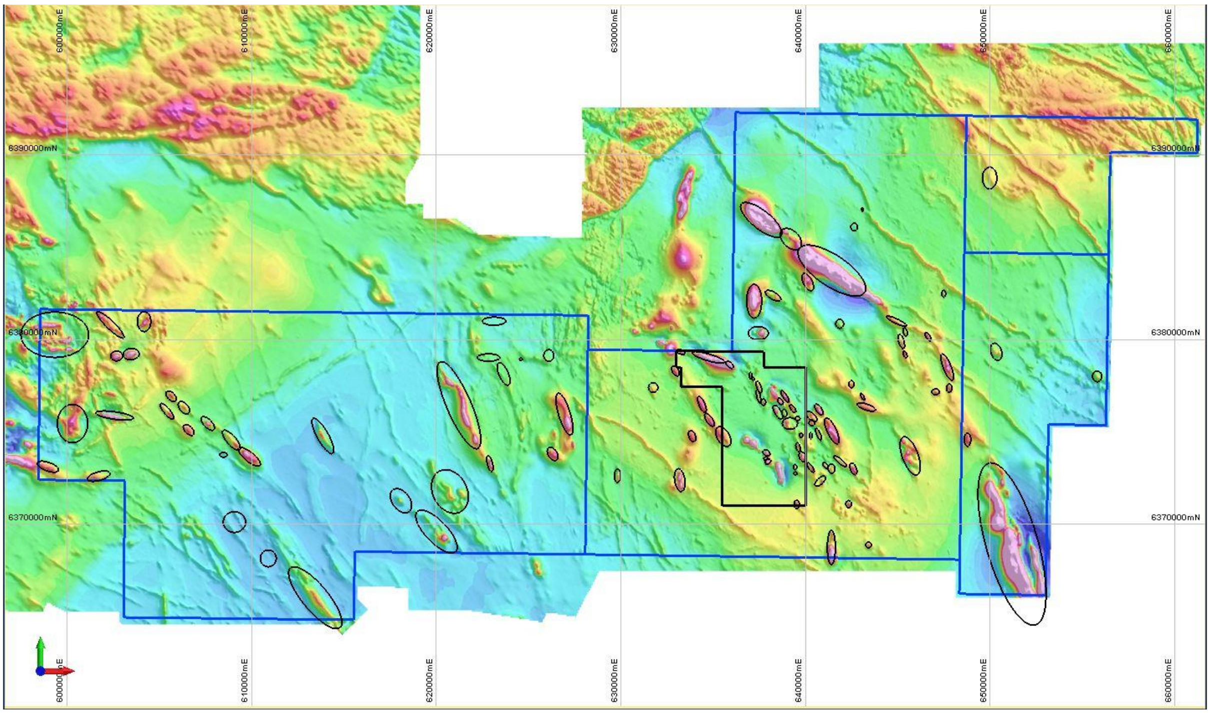

Figure 3 Wilcherry Hill JV Tenement Overview – Exploration targets (black outline)

Of the 115 targets identified, 29 were classified as having been 'drilled' and the remaining 86 were classified as being 'undrilled'. Excluding the JORC Mineral Resources from the drilled category the remaining prospects where drilling has occurred are still considered prospective for near surface DSO mineralisation.

With limited outcrop in the region geophysical methods of discovery such as magnetics, gravity and remote sensing are required to target prospective areas. Reprocessing and geophysical modelling of a number of key prospects to assist in prioritising the evaluation of the targets is nearing completion. Targets for ground magnetic surveys have already been defined and these surveys will be carried out before the end of the calendar year (Figure 4).

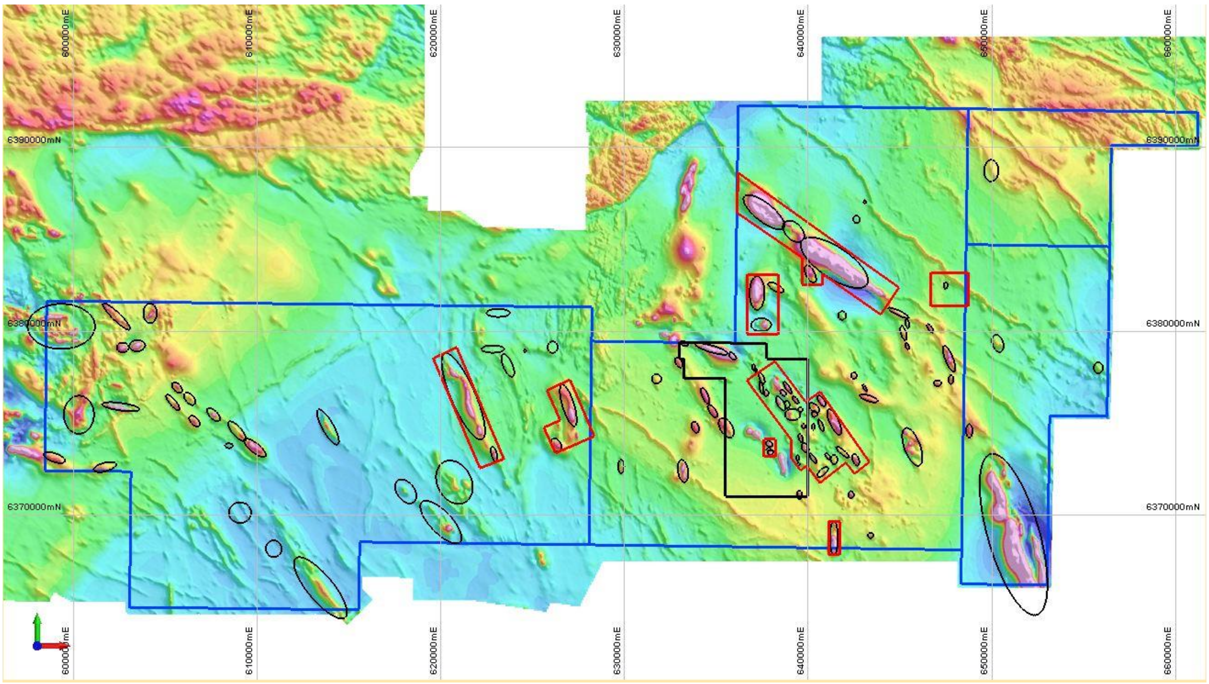

Figure 4 Wilcherry Hill JV Tenement Overview – Exploration targets (black outline), areas for closer spaced magnetic surveys (red outline)

Project Overview

ASSETS CLASSIFIED AS HELD FOR SALE

The powered barge being constructed in China was launched mid-January 2013. The first set of sea trials was undertaken in June followed by a second set in July. The trials were overall successful. Currently minor instrumentation modifications and final commissioning works are being carried out prior to the barge being delivered to IronClad.

Marketing of the tug boat and powered barge are continuing using specialist ship brokers.

CORPORATE

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

On 1 January 2013, Mr Mencel was appointed Managing Director. Mr. Mencel holds a Bachelor of Engineering in Mining Engineering and a Masters in Business Administration. He has previously held senior positions with Mount Gibson Iron, Tenix Projects, Tenix Defence, Western Mining Corporation and Normandy Mining (now Newmont).

Option Expiry

On 31 August 2012, 320,000 options with exercise price of $1.50 and 80,000 options with exercise price of $2.00 lapsed. At the end of October 2012, 400,000 options with exercise price of $0.75 lapsed, and on 26 May 2013, 150,000 options with exercise price of $1.25 lapsed.

DIRECTORS' REPORT

Your directors present their report on IronClad Mining Limited (the "Company") and of the Group being the Company and its controlled entity for the financial year ended 30 June 2013.

Directors

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

Ian D. Finch

Robert Mencel – appointed 1 January 2013 (previously held Chief Executive Officer position)

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 profit after providing for income tax amounted to $1,047,309 (2012: Loss of $1,954,924).

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 2013 are $34,903,251 (2012: $33,868,590).

Liquidity and capital resources

The Company's principal source of liquidity as at 30 June 2013 is cash of $4,967,241 (2012: $8,537,019). None of which (2012: $nil) has been placed on short term deposit. The Company's main source of cash during the year is the receipt of research and development rebate in relation to the year ended 30 June 2012.

DIRECTORS' REPORT

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 2013.

Review of Operations

- Initial Resource Model was completed for Black Hill West, demonstrating the area's potential for further high grade direct shipping ore (DSO).
- The company received $5.1 million in Research and Development (R&D) Rebate.
- Hercules Regional Drilling confirmed a 4km northerly extension of the known near surface goethite and hematite mineralisation. In addition, the drilling highlighted an area of mineralisation with low loss on ignition, potentially being amenable to simple gravity concentration.
- Revolver devices were successful commissioned at Port Adelaide.
- The transhipping system was successfully trialled.
- Lucky Bay Common User Facility received Section 49 State Government sponsorship under the South Australian Development Act.

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

A sale agreement has been entered for the disposal of the tug Demi Maddison on 19 July 2013 for $1,200,000. Proceed from sale has been received by the Group on 27 August 2013.

Future Developments, Prospects and Business Strategies

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

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

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

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

DIRECTORS' REPORT

Environmental Issues

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

National Greenhouse and Energy Reporting Guidelines

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

Energy Efficiency Opportunities Guidelines

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

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

Clean Energy Act 2011

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

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

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

DIRECTORS' REPORT

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.
Interest in Shares	192,141 fully paid ordinary shares.
Interest in Options	Nil.
Directorships held in other listed entities	Managing Director of Trafford Resources Limited and Director of Orinoco Gold Limited.

Robert Mencel	Managing Director (appointed 1 January 2013)
Qualifications	Bachelor of Engineering in Mining Engineering and Masters in Business Administration
Experience	Mr. Mencel has previously held senior positions with Mount Gibson Iron, Tenix Projects, Tenix Defence, Western Mining Corporation and Normandy Mining (now Newmont).
Interest in Shares and Options	Nil.
Directorships held in other listed entities	None.

DIRECTORS' REPORT

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.
Interest in Shares and Options	Nil
Directorships held in other listed entities as at date of resignation	None.
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.

DIRECTORS' REPORT

Peter W. Rowe	Non-Executive Director
Qualifications	B.Sc. (Chem Eng), FAusIMM, FAICD
Experience	Mr Rowe has extensive mining experience over a 35 year career in Australia and South Africa. Following 20 years with Anglo American and De Beers, he moved to Australia where he held a number of senior managerial positions. These included project director of the Fimiston expansion (Kalgoorlie Superpit), general manager of the Boddington Gold Mine and of the Boddington Expansion Project and managing director and CEO of Bulong Nickel. He joined AngloGold Ashanti Australia and transferred to Johannesburg in 2006, until retiring from his position as executive vice president – business effectiveness, and returned to Australia.
Interest in Shares	Nil
Interest in Options	Nil
Directorships held in other listed entities	Millennium Minerals Limited (appointed 21 July 2009)

Meetings of Directors

During the financial year, 10 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	10	10	10
Robert Mencel (i)	10	5	5
Wayne Richards (ii)	10	0	0
Neil McKay	10	10	10
Peter Rowe	10	10	10

(i) Appointed on 1 January 2013.

(ii) Resigned on 27 July 2012.

DIRECTORS' REPORT

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 $16,948.

Options

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

Proceedings on Behalf of Group

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

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

Non-audit Services

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

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

No other fees were paid or payable to the auditors for non-audit services performed during the year except for a fee of $46,215 (2012: $21,350) paid for taxation services.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C for the year ended 30 June 2013 has been received and can be found on page 21 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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

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

Remuneration policy

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

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

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

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

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

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% 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.

DIRECTORS' REPORT

Group Performance, Shareholder Wealth and Directors' and Executives Remuneration

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

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

Employment Contracts of Directors and Other Executives

During the year, the Group entered into a contract of employment with the Managing Director.

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

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

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

Ian Finch	Executive Chairman
Robert Mencel	Managing Director (appointed 1 January 2013)
Wayne Richards	Managing Director (resigned 27 July 2012)
Neil McKay	Non-Executive Director
Peter Rowe	Non-Executive Director

Details of Remuneration for Year Ended 30 June 2013

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

2013

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

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

(ii) Resigned on 27 July 2012.

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

DIRECTORS' REPORT

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 as Chief Operating Officer 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.

Options issued as part of remuneration

Options are issued to directors and executives as part of their remuneration. The options are issued based on performance or price criteria, and 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 vest immediately while options issued to executives have a 2-year vesting 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 years 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

Options: Granted and vested during the year

2013

	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	-	-	-	-	-	-	-	-
Robert Mencel								
Wayne Richards	-	-	-	-	-	-	-	-
Neil McKay	-	-	-	-	-	-	-	-
Peter Rowe	-	-	-	-	-	-	-	-
	-							-

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

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

Robert Mencel
Managing Director
Dated this 20th day of September 2013

Bentleys
THINKING AHEAD

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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 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

DATED at PERTH 19th day of September 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $	2012 $
Revenue and other income	2	363,495	359,368
Administrative expense		(114,373)	(143,289)
Consultancy expenses		(415,947)	(760,047)
Compliance and regulatory expenses		(49,205)	(51,270)
Depreciation and amortisation		(18,568)	(3,044)
Director fees		(96,101)	(92,037)
Share-based payment	18	-	(51,994)
Legal fees		(37,970)	(77,728)
Finance costs		(173,127)	(187,545)
Occupancy costs		(185,479)	(149,846)
Public relation costs		(85,999)	(169,376)
Staffing costs		(1,057,750)	(1,102,088)
Asset impairment	9	(1,072,798)	-
Exploration costs written off		(916,638)	(53,845)
Other expenses from ordinary activities		(216,224)	(188,945)
Loss before income tax		(4,076,684)	(2,671,686)
Income tax benefit	3	5,123,993	716,762
Profit / (loss) for the year		1,047,309	(1,954,924)
Other comprehensive income		-	-
Total comprehensive income		**1,047,309**	**(1,954,924)**
Basic gain / (loss) per share (cents per share)	6	0.97	(2.29)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 $	2012 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	4,967,241	8,537,019
Trade and other receivables	8	48,868	871,006
Assets classified as held for sale	10	5,948,680	-
TOTAL CURRENT ASSETS		10,964,789	9,408,025
NON-CURRENT ASSETS			
Trade and other receivables	8	445,935	5,951,735
Property, plant and equipment	9	7,500,817	12,890,879
Mine development expenditure	11	17,497,956	10,223,301
TOTAL NON-CURRENT ASSETS		25,444,708	29,065,915
TOTAL ASSETS		**36,409,497**	**38,473,940**
CURRENT LIABILITIES			
Trade and other payables	12	1,331,629	2,640,128
Borrowings	13	-	1,818,281
Provisions	14	174,617	146,941
TOTAL CURRENT LIABILITIES		1,506,246	4,605,350
TOTAL LIABILITIES		**1,506,246**	**4,605,350**
NET ASSETS		**34,903,251**	**33,868,590**
EQUITY			
Issued capital	15	69,365,041	69,377,689
Option reserve	16	2,798,524	2,798,524
Accumulated losses		(37,260,314)	(38,307,623)
TOTAL EQUITY		**34,903,251**	**33,868,590**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2013

	Note	Issued Capital	Accumulated Losses	Option Reserve	Total
		$	$	$	$
Balance at 1 July 2012		**69,377,689**	**(38,307,623)**	**2,798,524**	**33,868,590**
Profit for the year		-	1,047,309	-	1,047,309
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	1,047,309	-	1,047,309
Transaction with owners, in the capacity as owners, and other transfers					
Share options issued		-	-	-	-
Forfeited options of directors and employees		-	-	-	-
Shares issued during the year		-	-	-	-
Transaction costs in relation to prior year		(12,648)	-	-	(12,648)
Balance at 30 June 2013	15	**69,365,041**	**(37,260,314)**	**2,798,524**	**34,903,251**
Balance at 1 July 2011		**45,207,663**	**(36,352,699)**	**2,746,530**	**11,601,494**
Loss for the year		-	(1,954,924)	-	(1,954,924)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	(1,954,924)	-	(1,954,924)
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**	**(38,307,623)**	**2,798,524**	**33,868,590**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments for exploration and evaluation activity		(879,918)	(43,046)
Payments for suppliers and employees		(2,244,042)	(2,756,150)
Interest received		332,323	406,189
Interest and other charges paid		(166,868)	(77,534)
Research and development rebate and other income		5,840,755	700,538
Net cash inflows / (outflows) from operating activities	17	2,882,250	(1,770,003)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,632,918)	(9,657,802)
Development of mineral tenements		(7,558,618)	(9,913,997)
Net receipts / (payments) for security deposits		5,505,800	(5,886,546)
Net cash used in investing activities		(4,685,736)	(25,458,345)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment) of borrowings		(1,753,664)	1,561,620
Proceeds from issue of shares		-	25,220,737
Fundraising Costs		(12,648)	(1,059,530)
Net cash provided by (used in) financing activities		(1,766,312)	25,722,827
Net decrease in cash held		(3,569,798)	(1,505,521)
Cash at beginning of financial year		8,537,019	10,042,567
Effect of exchange rates on cash holdings in foreign currencies		20	(27)
Closing Cash and Cash Equivalents	7	**4,967,241**	**8,537,019**

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 20th September 2013.

Basis of Preparation

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

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

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

Going concern

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

The Group made a profit for the year of $1,047,309, which included a $5,123,993 research and development rebate (2012: loss of $1,954,924) and had net cash outflows for the year of $3,569,798 (2012: $1,505,521).

As at 30 June 2013, the Consolidated Group has a working capital of $3,509,863 (2012: $4,802,675).

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- The Directors have an appropriate plan to sell the assets classified as held for sale;
- The Directors have an appropriate plan to 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.

Change in Accounting Policies and Disclosures

Exploration and evaluation expenditure

In the current reporting period the Accounting Policy for reporting and disclosing exploration and evaluation expenditure has changed. All exploration and evaluation expenditure is now expensed as incurred in accordance with the following disclosure. The directors are of the opinion that the change in accounting policy is both in line with Australian Accounting Standards and provides the users with reliable and relevant information. The change in policy is irrespective of whether or not the Board believe expenditure could be recouped from either a successful development and commercial exploitation or sale of the respective assets.

Policy:

Exploration and evaluation activity involves the search for mineral and, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

• researching and analysing historical exploration data
• gathering exploration data through topographical, geochemical and geophysical studies
• exploratory drilling, trenching and sampling
• determining and examining the volume and grade of the resource
• surveying transportation and infrastructure requirements
• conducting studies such Scoping, Pre-feasibility, Feasibility and Bank Feasibility Studies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administration costs that are not directly attributable to a specific exploration area are charged to the income statement. Exploration and evaluation expenditure is charged to the income statement as incurred except where the exploration and evaluation activity is within an area of interest which was previously acquired in a business combination and measured at fair value on acquisition, or where the existence of a commercially viable mineral deposit has been established.

All acquired exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessment is performed for each area of interest to which the exploration and evaluation expenditure is attributed. Exploration areas at which reserves have been discovered but require major capital expenditure before production can begin are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is under way or planned. To the extent that capitalised expenditure is not expected to be recovered it is charged to the income statement. Cash flows associated with exploration and evaluation expenditure (comprising both amounts expensed and amounts capitalised) are classified as operating activities in the cash flow statement.

Effects of Change in Accounting Policy for Exploration and Evaluation

Had the new accounting policy in relation to exploration and evaluation expenditure always been applied, the following table demonstrates the effect of this change.

	Restated 30/06/12 $	**Change $**	**Previously Reported 30/06/12 $**
Consolidated Statement of Financial Position			
Mine Development Expenditure	10,223,301	(16,800,039)	27,023,340
Property, plant and equipment	12,890,879	-	12,890,879
Exploration and evaluation expenditure	-	(14,260,080)	14,260,080
Accumulated losses	(38,307,623)	(31,060,119)	(7,247,504)
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Exploration costs written off	(53,845)	(53,845)	-
Loss for the year	(1,954,924)	(53,845)	(1,901,079)
Loss per share (in cents)	(2.29)	(0.07)	(2.22)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 2013.

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 2013

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 2013

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 2013

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 2013

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 2013

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 2013

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. **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.

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

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

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

r. **Other Intangible Assets**

Other intangible assets include computer software.

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

s. **Contingencies**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. **Borrowing Costs**

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

u. **Critical Accounting Estimates and Judgements**

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

Key estimates and judgements:

Share-based payments

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

Exploration and evaluation costs

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

Environmental Issues

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

Ore reserve and resource estimates

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

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative figures

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

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

v. **Application of New and Revised Accounting Standards**

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards. The Company has not yet determined the application or the potential impact of the Standard.	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'. . The Company has not yet determined the application or the potential impact of the Standard.	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements' and AASB 2011- 7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'. The Company has not yet determined the application or the potential impact of the Standard.	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'. The Company has not yet determined the application or the potential impact of the Standard.	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'. The Company has not yet determined the application or the potential impact of the Standard.	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'. The Company has not yet determined the application or the potential impact of the Standard.	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'. There is no financial impact.	1 January 2013	30 June 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'. There is no financial impact.	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'. There is no financial impact.	1 January 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'. There is no financial impact.	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'. There is no financial impact.	1 January 2013	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'. There is no financial impact.	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'. There is no financial impact.	1 January 2013	30 June 2014
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'. There is no financial impact.	1 January 2013	30 June 2014

NOTE 2: REVENUE AND OTHER INCOME

	2013 $	2012 $
Interest earned	301,575	359,368
Other	61,920	-
	363,495	**359,368**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3: INCOME TAX

	2013 $	2012 $
(a) **Income tax (benefit) / expense**		
Current tax	(5,123,993)	(716,762)
Deferred tax	-	-
	(5,123,993)	**(716,762)**
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	3,576,671	(39,634)
Increase/(decrease) in deferred tax liabilities	(3,576,671)	39,634
	-	-

(b) **Reconciliation of income tax expense to prima facie tax payable**		
Loss from ordinary activities before income tax	(4,076,684)	(2,671,686)
The prima facie tax refundable on loss from ordinary activities before income tax at 30%	(1,223,005)	(801,506)
Add / (Less) Tax effect of:		
Share-based payments	-	15,599
Entertainment	547	931
Non-deductible expenses	608,237	-
Other deductible expenses	(156,865)	-
Research and development claim	-	(105,000)
Prior year adjustment	-	173,214
Deferred tax assets not brought to account	771,086	-
Income tax attributable to operating loss	-	(716,762)
Research and development claim refund*	(5,123,993)	-
Income tax benefit	(5,123,993)	(716,762)

* the research and development claim refund for the year ended 30 June 2012 of $716,762 was disclosed under the income tax attributable to operating profit of subsection (b) of this note.

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 2013

NOTE 3: INCOME TAX (CONTINUED)

	2013 $	2012 $
(c) **Deferred tax assets**		
Tax losses	10,659,707	10,765,554
Provisions and accruals	218,399	354,785
Capital raising costs	546,806	531,508
Other	48,469	78,021
	11,473,381	11,729,868
Set-off deferred tax liabilities	(331,895)	(3,908,566)
Net deferred tax assets	11,141,486	7,821,302
Less: deferred tax assets not recognised	(11,141,486)	(7,821,302)
Net tax assets	-	-
(d) **Deferred tax liabilities**		
Exploration expenditure	292,925	3,851,118
Other	38,970	57,448
	331,895	3,908,566
Set-off deferred tax assets	(331,895)	(3,908,566)
Net deferred tax assets	-	-
(e) **Tax losses**		
Unused tax losses for which no deferred tax asset has been recognised	39,239,224	7,901,769

(f) The potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2013 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

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

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

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

(g) *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 its 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 2013

NOTE 3: INCOME TAX (CONTINUED)

No deferred tax asset has been recognised for the deductible temporary differences arising from the MRRT starting base 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 (2012: $6,795,774) as at 30 June 2013.

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**

	2013 $	**2012 $**
Short term employment benefits	821,895	1,082,134
Post employment benefits	73,602	84,287
Long-term benefits	-	-
Share-based payments	-	51,994
Termination payments	222,479	100,000
Total remuneration	**1,117,976**	**1,318,415**

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

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

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**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 4: KEY MANAGEMENT PERSONNEL (CONTINUED)

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

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

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**	**-**

*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

	2013 $	**2012 $**
Remuneration of the auditor of the Group for:		
— Auditing and reviewing financial reports	39,500	59,585
— Other services	46,215	21,350
	85,715	**80,935**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 6: EARNINGS PER SHARE (EPS)

Basic earnings per share

The calculation of basic earnings per share at 30 June 2013 was based on the profit/ (loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding as follows:

	2013	2012
	$	$
Profit / (Loss) attributable to ordinary shareholders	1,047,309	(1,954,924)
	No.	No.
Weighted average number of ordinary shares	107,903,871	85,513,462

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.

	2013	2012
	$	$
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	7,252	19,701
Short-term bank deposits	4,959,989	8,517,318
	4,967,241	**8,537,019**

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

	2013	2012
	$	$
CURRENT		
GST receivable	31,543	96,156
Research and development rebate	-	716,762
Interest receivable	1,375	32,124
Other	15,950	25,964
	48,868	**871,006**
NON-CURRENT		
Environmental bond	300,000	5,800,000
Office bond – Adelaide	30,778	33,378
Office bond – Perth	99,957	99,957
Other bonds	15,200	18,400
	445,935	**5,951,735**

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 2013

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2013 $	2012 $
RESIDENTIAL CAMP		
At cost	5,056,585	5,056,651
Accumulated depreciation	-	-
	5,056,585	**5,056,651**
(a) Reconciliation		
Carrying amount at beginning of period	5,056,651	-
Transfer from assets under construction	-	5,056,651
Transfer to mine development expenditure	(66)	-
Depreciation expense		-
Carrying amount at end of period	**5,056,585**	**5,056,651**
PLANT AND EQUIPMENT		
At cost	857,858	696,648
Accumulated depreciation	(606,883)	(432,624)
	250,975	**264,024**
(b) Reconciliation		
Carrying amount at beginning of period	264,024	181,507
Equipment additions	161,210	208,046
Depreciation expense	(174,259)	(125,529)
Carrying amount at end of period	**250,975**	**264,024**
UNDER CONSTRUCTION		
At cost	2,193,257	7,570,204
Accumulated depreciation	-	-
	2,193,257	**7,570,204**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2013 $	2012 $
(c) Reconciliation		
Carrying amount at beginning of period	7,570,204	2,758,496
Additions:		
Tug boat	84,481	1,061,238
Barge	1,644,595	3,104,085
Residential camp	-	3,460,234
Loader and container	175,142	907,252
Dry magnetic separation plant	26,522	1,335,550
Refund received on unperformed work:		
Dry magnetic separation plant	(251,209)	
Transfer to assets ready for use:		
Residential camp	-	(5,056,651)
Transfer to assets classified as held for sale:		
Barge	(4,748,680)	
Tug boat	(1,200,000)	
Written-off against consultancy costs	(35,000)	
Depreciation expense	-	-
Asset impairment		
Tug boat	(1,072,798)	-
Carrying amount at end of period	**2,193,257**	**7,570,204**
Total Property, Plant and Equipment	**7,500,817**	**12,890,879**

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

NOTE 10: ASSETS CLASSIFIED AS HELD FOR SALE

Barge (i)	4,748,680	-
Tug boat (ii)	1,200,000	-
	5,948,680	**-**

(i) The Group intends to dispose of its barge as it is no longer suitable for its operation methodology. As at 30 June 2013, the Directors believe that the barge, which is valued at cost, is recognised at the lower of the cost and fair value less costs sell.

(ii) A sale agreement has been entered for the disposal of the tug boat on 19 July 2013 for $1,200,000. Proceed from sale has been received by the Group on 27 August 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 11: MINE DEVELOPMENT EXPENDITURE

	2013 $	2012 $
Carrying amount at beginning	10,223,301	-
Expenditure incurred during the year	7,274,655	10,223,301
	17,497,956	**10,223,301**

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

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 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

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%. Impairment sensitivities analysis has also been performed by increasing the discount rate by 10%, with no impairment deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 $	2012 $
NOTE 12: TRADE AND OTHER PAYABLES			
Accounts payable		616,688	1,411,591
Other payables		-	61,921
Accruals		714,941	1,166,616
		1,331,629	**2,640,128**

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

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

Related entity borrowing is further discussed in Note 25.

NOTE 14: PROVISIONS			
Employee entitlements	(i)	161,560	130,941
Taxes	(ii)	2,761	9,000
Rehabilitation	(iii)	10,296	7,000
		174,617	**146,941**

(i) Provision for annual leave payable to employees		
Opening Balance	130,941	62,818
Amount Used	(202,327)	(180,299)
Additions	232,946	248,422
Closing Balance	**161,560**	**130,941**

(ii) Provision for fringe benefit tax payable		
Opening Balance	9,000	4,500
Amount Used	(39,239)	(35,675)
Additions	33,000	40,175
Closing Balance	**2,761**	**9,000**

(iii) Provision for environmental rehabilitation required after drilling		
Opening Balance	7,000	-
Amount Used	(33,200)	-
Additions	36,496	7,000
Closing Balance	**10,296**	**7,000**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 15: ISSUED CAPITAL

		2013 $	2012 $
a.	**Ordinary shares**		
	At the beginning of reporting period	69,377,689	45,207,663
	Shares issued during the year		
	— Exercise of options at $0.75	-	12,245,587
	— 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	69,377,689	70,573,747
	Transaction cost relating to share issues	(12,648)	(1,196,058)
	At the end of reporting period	**69,365,041**	**69,377,689**

		2013 Number	2012 Number
b.	**Ordinary shares**		
	At the beginning of reporting period	107,903,871	75,670,364
	— Exercise of options at $0.75	-	16,327,448
	— 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
	At the end of reporting period	**107,903,871**	**107,903,871**

Terms of Ordinary Shares

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

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

The Company has fully paid shares of no par value.

For information on relating to share 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 2013

NOTE 15: ISSUED CAPITAL (CONTINUED)

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:

	2013 $	2012 $
Cash and cash equivalents	4,967,241	8,537,019
Trade and other receivables	48,868	871,006
Borrowings, short term provisions, trade and other payables	(1,506,246)	(4,605,350)
Total	**3,509,863**	**4,802,675**

NOTE 16: OPTION RESERVE

Reserves at the beginning of the reporting period	2,798,524	2,746,530
Movements in the year:		
400,000 employee options with exercise price $0.75 issued	-	51,994
	2,798,524	**2,798,524**

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 2013

NOTE 17: CASH FLOW INFORMATION

	2013 $	2012 $
Reconciliations from the net loss after tax to the net cash flow from operations		
- Profit/(loss) from ordinary activities after income tax	1,047,309	(1,954,924)
Add Back non-cash flows in operating loss		
- Options issued to directors & vendors	-	51,994
- Asset impairment	1,072,798	-
- Depreciation	18,568	3,044
- Foreign exchange loss (gain)	(20)	27
- Interest in borrowings	2,920	69,985
Less Change in assets & liabilities		
- Decrease (Increase) in receivables	685,591	30,598
- Increase (decrease) in trade & other creditors and accruals	55,084	29,273
Net cash outflows from Operating Activities	**2,882,250**	**(1,770,003)**

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 (2012: 400,000) during the financial year.

	2013		2012	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	950,000	1.19	1,750,000	0.99
Granted	-	-	400,000	0.75
Exercised	-	-	(1,200,000)	0.75
Forfeited	-	-	-	-
Expired	(950,000)	1.19	-	-
Outstanding at year-end	**-**	**-**	**950,000**	**1.19**
Exercisable at year-end	**-**	**-**	**950,000**	**1.19**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 18: SHARE-BASED PAYMENTS (CONTINUED)

No options were outstanding at 30 June 2013. Options outstanding as at 30 June 2012 had a weighted average exercise price of $1.19 and a weighted average remaining contractual life of 0.36 years. Exercise prices of these options ranged from $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:

	2013	**2012**
Weighted average exercise price	-	$0.75
Weighted average life to exercise date of the option	-	1.32 years
Underlying share price	-	$0.65
Expected share price volatility	-	52%
Risk free interest rate	-	3.76%

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 nil expenditure for share-based payment (2012: $51,994).

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 (CONTINUED)

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 2013					
Consolidated Cash	4,967,241	(49,672)	(49,672)	49,672	49,672
Environmental bond	300,000	(3,000)	(3,000)	3,000	3,000
Office Bonds	127,743	(1,277)	(1,277)	1,277	1,277
Loan from other entities	-	-	-	-	-
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)

- 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 2013

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit Risk

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

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

Cash and cash equivalents

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

Trade and other receivables

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

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

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

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

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

Financial instrument composition and maturity analysis

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

2013	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		-	47,494	-	-	47,494
Variable interest rate	3.00	4,967,241	-	-	-	4,967,241
Fixed interest rate	3.82	-	427,743	-	-	427,743
		4,967,241	**475,237**	**-**	**-**	**5,442,478**
Financial Liabilities						
Non-interest bearing		1,331,629	-	-	-	1,331,629
Variable interest rate		-	-	-	-	-
		1,331,629	**-**	**-**	**-**	**1,331,629**
Net financial assets		**3,635,612**	**475,237**	**-**	**-**	**4,110,849**
2012						
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**

(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 2013

NOTE 20: CONTROLLED ENTITIES

Name of Entity	Principal Activity	Interest 2013	Interest 2012
Coastal Shipping Logistics Pty Ltd	Sea vessel owner and operator to be used for Lucky Bay's transhipping operations	100%	100%

NOTE 21: COMMITMENTS

	2013 $	2012 $
Lease Commitments		
Not longer than one year	528,522	615,737
Longer than one year, but not longer than five years	967,313	1,478,717
Longer than five years	-	-
	1,495,835	**2,094,454**
Capital Commitments		
Not longer than one year	536,978	6,183,429
	536,978	**6,183,429**

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 2013

NOTE 22: PARENT ENTITY DISCLOSURES

	2013 $	2012 $
a) Financial Position		
Assets		
Current assets	10,964,789	14,736,000
Non-current assets	25,444,708	23,738,512
Total assets	**36,409,497**	**38,474,512**
Liabilities		
Current liabilities	1,506,246	4,605,350
Non-current liabilities	-	-
Total liabilities	**1,506,246**	**4,605,350**
Equity		
Issued capital	69,365,041	69,377,689
Options Reserve	2,798,524	2,798,524
Accumulated Losses	(37,260,314)	(38,307,051)
Total Equity	**34,903,251**	**33,869,162**
b) Financial Performance		
Gain / (Loss) for the year	1,046,737	(570,662)
Other comprehensive income	-	-
Total comprehensive income	**1,046,737**	**(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	-	-
d) Contingent Liabilities of the Parent Entity	-	-
e) Commitments for the Acquisition of Property, Plant and Equipment by the Parent Entity		
Plant and equipment		
Not longer than 1 year	15,523	3,761,871
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
Total	**15,523**	**3,761,871**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 23: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

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

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

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

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

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Segment assets

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

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

Segment liabilities

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

Unallocated items

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 2013

NOTE 23: OPERATING SEGMENTS (CONTINUED)

	Wilcherry Joint Venture $	**Coastal Shipping Logistics P/L $**	**Total $**
(i) Segment performance			
Period ended 30.06.2013			
Segment revenue			
Reconciliation of segment revenue to Group's revenue			
Net interest income			213,650
Total revenue			**213,650**
Segment result	**(916,638)**	**(1,157,158)**	**(2,073,796)**
Reconciliation of segment result to Group's net loss before tax			
Unallocated items:			
Net corporate Charges			(1,984,320)
Depreciation			(18,568)
Option issue expense			-
Net loss before income tax			**(4,076,684)**
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	**(53,845)**	**(95)**	**(53,940)**
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			**(2,671,686)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 23: OPERATING SEGMENTS (CONTINUED)

(ii) Segment assets	**Wilcherry Joint Venture $**	**Coastal Shipping Logistics P/L $**	**Total $**
Period ended 30.06.2013			
Segment assets	25,062,798	5,948,681	31,011,479
Reconciliation of segment assets to Group's assets			
Unallocated items:			
Cash and cash equivalents			4,967,241
Trade and other receivables			179,802
Property, plant and equipment			250,975
Total assets			**36,409,497**
Additions to segment assets for the year:			
Exploration expenditure			
Development expenditure	7,274,655	-	7,274,655
Capital expenditure	(49,611)	621,279	571,668
Other – environmental bond	(5,500,000)	-	(5,500,000)
Total additions to segment assets	**1,725,044**	**621,279**	**2,346,323**
Period ended 30.06.2012			
Segment assets	23,337,754	5,327,402	28,665,156
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			**38,473,940**
Additions to segment assets for the year:			
Development expenditure	10,223,301	-	10,223,301
Capital expenditure	5,703,037	4,165,323	9,868,360
Other – environmental bond	5,800,000	-	5,800,000
Total additions to segment assets	**21,726,338**	**4,165,323**	**25,895,061**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 23: OPERATING SEGMENTS (CONTINUED)

(iii) Segment liabilities	**Wilcherry Joint Venture $**	**Coastal Shipping Logistics P/L $**	**Total $**
Period ended 30.06.2013			
Segment liabilities	1,018,673	-	1,018,673
Reconciliation of segment liabilities to Group's liabilities			
Unallocated items:			
Trade and other payables			312,956
Provisions			174,617
Total liabilities			**1,506,246**
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**

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

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

A sale agreement has been entered for the disposal of the tug Demi Maddison on 19 July 2013 for $1,200,000. Proceed from sale has been received by the Group on 27 August 2013.

NOTE 25: RELATED PARTY INFORMATION

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

Transactions with related entities:

The Company has an agreement with Trafford Resources Limited whereby the Company could acquire technical and administration services from Trafford Resources Ltd while the Company focused its resources on its development. Invoices for these services are issued to IronClad on a monthly basis. As at 30 June 2013, $67,539 is due to Trafford Resources Ltd for these services.

The Company also has a short term unsecured loan agreement with Trafford allowing the Company to borrow up to $2,000,000 from Trafford. As at 30 June 2013, no amount is outstanding on this loan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 26: CONTINGENT LIABILITIES

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

NOTE 27: COMPANY DETAILS

The registered office of the company is:

Level 2, 679 Murray Street
West Perth WA 6005

The principal place of business:

307 Pulteney Street
Adelaide SA 5000

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. the consolidated financial statements and notes, as set out on pages 22 to 61 and the remuneration disclosure that are contained in pages 17 to 20 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 2013 and of the performance for the year ended on that date of the company;
   c. the remuneration disclosures that are contained in pages 17 to 20 of the Remuneration Report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and
   d. are in accordance with International Reporting Standard, issued by the International Accounting Standard Board; and
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b. the financial statements and notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Robert Mencel
Managing Director
Dated this 20th day of September 2013

Independent Auditor's Report

To the Members of Ironclad Mining Limited

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

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 2013, and the consolidated statement of profit or loss and other 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 2013 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 Matters

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 Consolidated Entity incurred net cash outflows of $3,569,798 during the year ended 30 June 2013. 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 draw attention to Note 11 in the financial report which indicates that the carrying amount of Mine Development Expenditure of $17,497,956 does not exceed the recoverable amount of the project. The underlying assumption in determining the value of the project is based on the assumption that the Consolidated Entity can continue as a going concern and can raise sufficient capital and/or funding as required to develop the project. Given the material uncertainty surrounding the ability of the entity to raise the required capital and/or funding, this may cast significant doubt in relation to the carrying amount of these assets.

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 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

DATED at PERTH 20th day of September 2013

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The distribution of members and their holdings of equity securities in the Company as at 18 September 2013 was as follows:

1. **Shareholding**

a. **Distribution of Shareholders**

Distribution of Shareholders	Number of Holders	Number Ordinary
1 – 1000	258	113,450
1001 - 5000	472	1,369,471
5,001 – 10,000	314	2,481,199
10,001 – 100,000	607	18,988,004
100,001 – and over	110	84,951,747
	1,761	**107,903,871**

b. The number of shareholdings held in less than marketable parcels is 552.

c. The names of the substantial shareholders listed in the holding company's register 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	27.59
2.	New Page Investments Limited	7,500,000	6.95
3.	Hanlong Metals Limited	3,780,000	3.50
4.	HSBC Custody Nominees (Australia) Ltd	3,621,602	3.36
5.	Mahsor Holdings Pty Limited	2,487,043	2.31
6.	Admark Investments Pty Limited	2,472,153	2.29
7.	Mahsor Holdings Pty Limited	2,352,769	2.18
8.	UBS Nominees Pty Ltd	1,419,456	1.32
9.	JP Morgan Nominees Australia Limited	1,249,716	1.16
10.	Flue Holdings Pty Limited	1,147,464	1.06
11.	Citicorp Nominees Pty Ltd	1,136,247	1.05
12.	National Nominees Ltd	1,018,800	0.94
13.	Dr. Salim Cassim	895,275	0.83

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONTINUED)

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

Name		**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
14.	Pennock Pty Ltd	890,000	0.83
15.	Walsal Nominees Pty Ltd	872,549	0.81
16.	Maniciti Pte Ltd	850,000	0.79
17.	Mr. Michael John Williams & Mrs Katrina Elfreda Williams	832,667	0.77
18.	Seivad Investments Pty Ltd	799,901	0.74
19.	Tribal Mining Corporation	779,973	0.72
20.	Dymax Consultants Pty Ltd	771,311	0.72
		64,652,371	**59.92**

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**

   There are currently no options over unissued shares.

<table>
<tr><th colspan="2">CORPORATE GOVERNANCE STATEMENT</th></tr>
<tr><td colspan="2">The Board of Directors of IronClad Mining Limited (“IronClad” or “the Company”) is responsible for the Corporate Governance of the Company.
The Company is committed to and support the implementation of the best practice in corporate governance, applied in a manner that is appropriate to the Company’s circumstances.
The Company has taken note of the ASX Corporate Governance Council’s Principles of Good Corporate Governance and Best Practice Recommendations. A second edition titled Corporate Governance Principles and Recommendations with 2010 Amendments was released at 30 June 2010.
Further information about the Company’s corporate governance practices, including the relevant information on the Company’s charters, code of conduct and other policies and procedures are set out on the Company’s website at www.ironcladmining.com .
During the Company’s financial year ended 30 June 2013 (“Reporting Period”), unless otherwise stated the Company has followed each of the Principles and Recommendations:</td></tr>
<tr><td>Principle 1</td><td>Lay solid foundations for management and oversight</td></tr>
<tr><td>1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions</td><td>The Company’s Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities and functions of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the company to the executive team under the leadership of the Managing Director and Executive Chairman.
The Chief Executive Officer and other senior executives are responsible for supporting and assisting the Managing Director and Executive Chairman in implementing the running of the general operations of the Company.</td></tr>
<tr><td>1.2 Companies should disclose the process for evaluating the performance of senior executives.</td><td>Each senior executive is required to participate in an annual review process with the Managing Director and Executive Chairman, which assesses individual performance.
The Managing Director and Executive Chairman’s performance is evaluated by the Board on both informal and formal basis.</td></tr>
<tr><td>1.3 Companies should provide the information indicated in the Guide to Reporting on Principle 1</td><td>The Board Charter is available on the Company’s website. Annual evaluations of senior executives have been conducted in accordance with the process disclosed.</td></tr>
<tr><td>Principle 2</td><td>Structure of the board to add value</td></tr>
<tr><td>2.1 A majority of the board should be independent directors</td><td>
<table>
<tr><td>Name</td><td>Position</td><td>Expertise</td><td>Term of Office</td></tr>
<tr><td>Ian D. Finch</td><td>Executive Chairman</td><td>Commercial and Exploration</td><td>Appointed 19 April 2007
74 months</td></tr>
<tr><td>Robert Mencel</td><td>Managing Director</td><td>Development and Operation</td><td>Appointed 1 January 2013
6 months</td></tr>
<tr><td>Neil W. McKay</td><td>Non Executive Director</td><td>Commercial</td><td>Appointed 19 April 2007
74 months</td></tr>
<tr><td>Peter W. Rowe</td><td>Non Executive Director</td><td>Commercial and Development</td><td>Appointed 16 Feb 2009
52 months</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th colspan="2">CORPORATE GOVERNANCE STATEMENT</th></tr>
<tr><td>2.2 The chair should be an independent director</td><td>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.</td></tr>
<tr><td>2.3 The roles of chair and chief executive officer should not be exercised by the same individual</td><td>The Company has a Managing Director separate from the Executive Chairman.</td></tr>
<tr><td>2.4 The board should establish a nomination committee</td><td>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.</td></tr>
<tr><td>2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors</td><td>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.</td></tr>
<tr><td>2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2</td><td>The Board is of the view that it is currently structured in such a way so as to add value and is appropriate for the complexity of the business at this time.
The Board or individual directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Managing Director and Executive Chairman.
The Board, as a whole, will serve as the Company’s nomination committee. The Board will determine the procedure for the selection and appointment of new directors and the re-election of incumbents, subject to shareholder approval, in accordance with the Company’s Constitution and having regard to the ability of the individual to contribute to the ongoing effectiveness of the Board, to exercise sound business judgment, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction for the Company.</td></tr>
<tr><td>Principle 3</td><td>Promote ethical and responsible decision making</td></tr>
<tr><td>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</td><td>The Company’s Corporate Governance Plan includes the following policies which provide a framework for decisions and actions necessary to maintain confidence in the Company’s integrity, and meet its legal obligation, and expectations of stakeholders.
• Securities Trading Policy
• Continuous Disclosure Policy
• Code of Conduct for Directors and Key Executives
All of the Company’s Corporate Governance Polices are publicly available on the Company’s website.</td></tr>
</table>

CORPORATE GOVERNANCE STATEMENT	
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	The Company has a diversity policy suitable for its operation size and the industry it operates in. It strongly believes that the promotion of diversity on its board, senior executives and within the organisation adds to the strength of the Company. The diversity policy will affirm the existing employment practice where the Company seeks to attract and retain the best people by promoting environment where each employee is treated fairly, with respect and have access to equal opportunities. The current diversity within the Company's workforce includes factors such as religion, race, ethnicity, language, gender, and age.
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Corporate Governance guidelines requiring the Company to set measurable objectives for achieving gender diversity and to report against them. Whilst efforts will be made to identify suitably qualified female candidates and candidates from a diversity of backgrounds when seeking to fulfil positions, the Company does not believe it is meaningful, nor in the best interests of shareholders to set formal targets for female participation nor detailed policies in this regard.
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women is senior executives positions and women on the board.	As at 30 June 2013, the Company had a diverse workforce with 1 female out of 14 employees, representing 7% of its total workforce. Currently it has no women in senior executive positions.
3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3	The Company's Corporate Governance Polices includes the Company's Code of Conduct and Security Trading Policy. The Company has a Diversity Policy which affirms its current practice in promoting diversity throughout different level of its workforce.
Principle 4	**Safeguard integrity in the financial reporting**
4.1 The board should establish an audit committee	Given the size and scope of the Company's operations, the Board of Directors has assumed those responsibilities that are ordinarily assigned to an audit committee. The Board has adopted an Audit Committee Charter which provides that the Board may meet with the external auditor, without management present.

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

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

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

SCHEDULE OF MINERAL TENEMENTS

AS AT 18 SEPTEMBER 2013

South Australia Tenement Schedule					
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.