IronClad Mining Limited

ABN 79 124 990 405

And Controlled Entities

Interim Financial Report
For the half-year ended
31 December 2013

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2013 and any public announcements made by IronClad Mining Limited during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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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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(Home Exchange: Perth, Western Australia)
Code: IFE

BANKERS
Westpac Banking Corporation
Murray Street
West Perth, WA 6005

DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2013.

Directors

The names of the Company's Directors who held office since the start of the financial period to the date of this report are:

Mr. Ian Finch
Mr. Robert Mencel
Mr. Neil McKay
Mr. Peter Rowe

Company Secretary

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

Neil McKay — Bachelor of Business

Dividends

No dividends were paid or declared during the half-year or in the period to the date of this report.

Principal Activities

The principal activities of the Group during the course of the half-year were mineral exploration and project development. There has been no change in these activities during the financial period.

Review of Operations

Overview

IronClad Mining Limited ("IronClad") has been engaged primarily in exploration and project development activities on its Wilcherry Hill Iron Project in the northern Eyre Peninsula of South Australia over the past six months.

Highlights of the reported progress include:

- **Received final approval from the Government of South Australia for the Company's planned development at the port of Lucky Bay;**

- **Entered joint venture agreement with Trafford Resources Ltd whereby the Company has a right to earn an 80% interest in all Manganese over the Wilcherry Hill Project area. First pass drilling for manganese had commenced in January 2014.**

DIRECTORS' REPORT

Development Project

Wilcherry Hill Iron Ore Project

Government Approvals

Lucky Bay Common User Facility Development Application

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

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

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

Following DA approval, the Company, in conjunction with the port owners, Sea Transport Corporation, are in the process of completing the detailed engineering design of the facility making allowance for all conditions of approval.

Mining

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

This completes the mining approval requirements and paves the way for the start of mining operations.

Stage 1 Reserve

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

Lucky Bay Infrastructure

Detail designs of the Lucky Bay dock and onshore infrastructure are nearing completion and the documents will be used for tendering of these facilities in the next quarter. Sea Transport, the owner of the Lucky Bay harbour, has commenced its detail design of the harbour extension, deepening of the existing harbour and the approach channel from Spencer Gulf.

A specialist supplier was engaged to design the offshore mooring at the approved location 5.5 nautical miles offshore from the port. Options for supply of the marine fleet for transhipping operation were evaluated with IronClad personnel visiting shipyards in China to inspect tugs, crane barges and dumb barges now under construction.

Designs for upgrades to public roads along the ore haulage route from mine to port were reviewed and amended to suit the proposed double road train truck configuration resulting in capital savings.

Finance

An intensive economic review was undertaken over the past 12 months and, despite operating costs being trimmed by approximately 25%, the start-up capital requirement for Stage 1 has remained close to budget at approximately $15 million. The purchase and construction of a company owned and run crushing plant is likely to add a further $6 million to the start-up capital but will create significant and worthwhile operating cost savings. Total capital requirement, including contingencies is, therefore, estimated to be in the order of $22 million.

DIRECTORS' REPORT

Marketing and Shipping

A 57m powered transhipping barge is currently under construction in Guangzhou, China. The barge successfully completed its Sea Trials during December. Completion is now scheduled for March 2014. The barge is currently being offered for sale.

Health, Safety, Environment and Community

There were no health and safety incidents during the reporting period. Similarly there were no environmental or community complaint events reported and statutory compliance monitoring was carried out on schedule

Exploration Projects

Iron Ore Exploration

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

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

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

Table 1 Ground Magnetometer Survey Areas

Manganese Joint Venture

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

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

DIRECTORS' REPORT

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

With manganese margins potentially USD $60-$70 higher than those for iron ore, producing and selling manganese concentrate in addition to iron ore production has the potential to generate larger and earlier surplus cash flows, for the Wilcherry Hill Iron Project.

Manganese exploration commenced on two prospect areas: Pier Dam and Hercules East. Exploration included historical data compilation, review of available geophysical data, ground magnetic surveying, orientation geochemical sampling, drill planning and acquisition of digital aerial photography.

<u>Pier Dam</u>

Earlier rock chip sampling at the Pier Dam Prospect in 2007 and 2011 demonstrated an 8km West-North West trending zone of manganese anomalism. Manganese values ranged from 15.5% Mn - 31.4% Mn.

As part of its regional iron exploration program, IronClad collected a number of surface grab samples on one outcrop at the western end of this trend. A distinct manganese rich zone averaging 38.8% Mn from five grab samples was delineated as part of an iron rich zone averaging 52% Fe from three grab samples.

A 134 line-km ground magnetic survey was completed over the Pier Dam prospect. Although the manganese mineralisation itself is not magnetic, the modelled data will assist in geological and structural interpretations. Acquired data are currently being processed and modelled, with final results expected next quarter.

<u>Hercules East</u>

Early 2013 iron ore drilling intersected 22m @ 22% Mn from 56m in hole 13HCRC026 and 7m @ 20% Mn from 55m in hole 13HCRC001. This discovery, on the eastern flank of the Hercules Prospect, indicated potential for a new manganese zone to be added to the 8km strike length of the main Hercules Prospect. Analysis confirmed the principal manganese mineral as pyrolusite (MnO_2). Follow up drilling is planned for early next quarter.

Corporate

There are no significant corporate events of the Group that occurred during the half-year.

Operating Results and Financial Review

Profit and loss

The Group's loss for the half-year after providing for income tax amounted to $1,689,622 (2012: $1,240,987).

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 31 December 2013 are $33,213,629 (30 June 2013: $34,903,251).

Liquidity and capital resources

The Company's principal source of liquidity as at 31 December 2013 is cash of $1,984,094 (30 June 2013: $4,967,241); $1,971,978 of which (30 June 2013: $4,959,989) has been placed as short term deposits.

The Company's main source of cash during the period were the proceeds from the sale of its tug boat.

Significant Changes in State of Affairs

In the opinion of the Directors there are no significant changes in the state of affairs of the Group that occurred during the half-year not already disclosed in this report, the financial statements or notes attached thereto.

DIRECTORS' REPORT

Significant Events After Balance Date

There have been no significant events after balance date.

Competent Persons Statement

The information in the Directors Report that relates to Exploration Results, Mineral Resources or Ore Reserves is based, and fairly represents, information and supporting documentation compiled by Chris Mroczek, who is the Chief Geologist of IronClad Mining Limited and 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. Mroczek has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Mroczek consents to the inclusion in the Directors Report of the matters based on his information in the form and context in which it appears.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 of the Financial Report for the half-year ended 31 December 2013.

This report is signed in accordance with a resolution of the Board of Directors.

Robert J. Mencel
Managing Director
Perth, 13th day of March 2014

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 review of the financial statements of Ironclad Mining Limited for the half-year ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

DATED at PERTH this 13th day of March 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31 December 2013	**31 December 2012**
	$	**$**
Revenue	65,169	222,871
Administration expense	(31,834)	(72,683)
Consultancy expenses	(184,034)	(108,976)
Compliance & regulatory expenses	(34,021)	(43,918)
Director fees	(50,353)	(48,853)
Depreciation and amortisation expense	(8,883)	(9,685)
Finance costs	(7,734)	(134,118)
Legal fees	(2,818)	(33,958)
Occupancy costs	(90,088)	(94,610)
Public relations cost	(26,775)	(47,744)
Staff costs expenses	(930,097)	(609,439)
Exploration costs written off	(286,744)	(184,888)
Other expenses from ordinary activities	(101,410)	(74,986)
Loss before income tax expense	(1,689,622)	(1,240,987)
Income tax expense	-	-
Net loss for the period	**(1,689,622)**	**(1,240,987)**
Other comprehensive income	-	-
Total comprehensive loss for the period	**(1,689,622)**	**(1,240,987)**
Basic loss per share (cents per share)	(1.57)	(1.15)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	31 December 2013 $	30 June 2013 $
CURRENT ASSETS			
Cash and cash equivalents	2	1,984,094	4,967,241
Trade and other receivables		108,729	48,868
Assets classified as held for sale	3	4,985,384	5,948,680
TOTAL CURRENT ASSETS		7,078,207	10,964,789
NON-CURRENT ASSETS			
Trade and other receivables		442,942	445,935
Property, plant and equipment	4	7,431,125	7,500,817
Exploration and evaluation costs	5	250,000	-
Mine development expenditure	6	19,419,508	17,497,956
TOTAL NON-CURRENT ASSETS		27,543,575	25,444,708
TOTAL ASSETS		**34,621,782**	**36,409,497**
CURRENT LIABILITIES			
Trade and other payables		1,245,713	1,331,629
Provisions		162,440	174,617
TOTAL CURRENT LIABILITIES		1,408,153	1,506,246
TOTAL LIABILITIES		**1,408,153**	**1,506,246**
NET ASSETS		**33,213,629**	**34,903,251**
EQUITY			
Issued capital	8	69,365,041	69,365,041
Option Reserves		2,798,524	2,798,524
Accumulated Losses		(38,949,936)	(37,260,314)
TOTAL ENTITY INTEREST		**33,213,629**	**34,903,251**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Issued Capital	Accumulated Losses	Option Reserve	Total
	$	$	$	$
Balance at 1 July 2013	**69,365,041**	**(37,260,314)**	**2,798,524**	**34,903,251**
Loss for the period	-	(1,689,622)	-	(1,689,622)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,689,622)	-	(1,689,622)
Transaction with owners, in the capacity as owners, and other transfers				
Options issued during the period	-	-	-	-
Shares issued during the period	-	-	-	-
Transaction costs	-	-	-	-
Balance at 31 December 2013	**69,365,041**	**(38,949,936)**	**2,798,524**	**33,213,629**
Balance at 1 July 2012	**69,377,689**	**(38,307,623)**	**2,798,524**	**33,868,590**
Loss for the period	-	(1,240,987)	-	(1,240,987)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,240,987)	-	(1,240,987)
Transaction with owners, in the capacity as owners, and other transfers				
Options issued during the period	-	-	-	-
Shares issued during the period	-	-	-	-
Transaction costs	(12,648)	-	-	(12,648)
Balance at 31 December 2012	**69,365,041**	**(39,548,610)**	**2,798,524**	**32,614,955**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31 December 2013 $	31 December 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,520,300)	(1,182,772)
Payments for exploration and evaluation activity	(306,337)	(184,888)
Interest received	58,150	228,697
Interest and other charges paid	(5,393)	(135,161)
Research and development rebate and other income	-	716,762
Net cash used in operating activities	(1,773,880)	(557,362)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of plant and equipment	1,200,000	-
Acquisition of property, plant and equipment	(24,666)	(1,634,135)
Net receipt on security deposits	2,992	5,503,200
Tenement acquisition cost	(250,000)	-
Development of mineral tenements	(2,092,524)	(4,980,428)
Net cash used in investing activities	(1,164,198)	(1,111,363)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment of) borrowings	(45,074)	(998,055)
Proceeds from issue of shares	-	-
Fundraising costs	-	(12,648)
Net cash provided by (used in) financing activities	(45,074)	(1,010,703)
Net increase (decrease) in cash held	(2,983,152)	(2,679,428)
Cash and cash equivalents at 1 July	4,967,241	8,537,019
Effects of exchange rates on cash holdings in foreign currencies	5	4
Closing Cash and Cash Equivalents	1,984,094	5,857,595

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The interim report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the company's 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below, and the change in accounting policy as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New accounting standards and interpretation

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- 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'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- 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
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

The above standards have extensive disclosure requirements, however these do not affect this interim financial report apart from the application of AASB 13 in relation to financial instrument disclosures (refer note 13).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Going Concern

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

The Group incurred a loss for the period of $1,689,622 (2012: $1,240,987) and net cash outflows from operating activities of $1,773,880 (2012: $557,362).

As at 31 December 2013, the Group has a working capital of $684,670 (30 June 2013: $3,509,863).

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31 December 2013 $	30 June 2013 $
NOTE 2: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	12,116	7,252
Short-term bank deposits	1,971,978	4,959,989
	1,984,094	**4,967,241**

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

NOTE 3: ASSETS CLASSIFIED AS HELD FOR SALE		
Barge (i)	4,985,384	4,748,680
Tug boat (ii)	-	1,200,000
	4,985,384	**5,948,680**

(i) The Group intends to dispose of its barge as it is no longer suitable for its operation methodology. As at 31 December 2013, the Directors believe that the barge, which is valued at cost, is recognised at the lower of the cost and fair value less selling costs.

(ii) Sale of the tug boat occurred on 19 July 2013.

	31 December 2013 $	30 June 2013 $
NOTE 4: PROPERTY, PLANT AND EQUIPMENT		
RESIDENTIAL CAMP		
At cost	5,056,585	5,056,585
Accumulated depreciation	-	-
	5,056,585	**5,056,585**
(a) Reconciliation		
Carrying amount at beginning of period	5,056,585	5,056,651
Transfer to mine development expenditure	-	(66)
Depreciation expense	-	-
Carrying amount at end of period	**5,056,585**	**5,056,585**
PLANT AND EQUIPMENT		
At cost	858,822	857,858
Accumulated depreciation	(678,179)	(606,883)
	180,643	**250,975**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 4: PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	31 December 2013 $	**30 June 2013 $**
(b) Reconciliation		
Carrying amount at beginning of period	250,975	264,024
Equipment additions	964	161,210
Depreciation expense	(71,296)	(174,259)
Carrying amount at end of period	**180,643**	**250,975**
UNDER CONSTRUCTION		
At cost	2,193,897	2,193,257
Accumulated depreciation	-	-
	2,193,897	**2,193,257**
(b) Reconciliation		
Carrying amount at beginning of period	2,193,257	7,570,204
Additions:		
Tug boat	-	84,481
Barge	-	1,644,595
Loader and container	640	175,142
Dry magnetic separation plant	-	26,522
Refund received on unperformed work:		
Dry magnetic separation plant	**-**	(251,209)
Transfer to assets classified as held for sale:		
Barge	-	(4,748,680)
Tug boat	-	(1,200,000)
Written-off against consultancy costs	-	(35,000)
Depreciation expense	**-**	-
Asset impairment		
Tug boat	**-**	(1,072,798)
Carrying amount at end of period	**2,193,897**	**2,193,257**

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

NOTE 5: EXPLORATION AND EVALUATION COST

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31 December 2013 $	30 June 2013 $
NOTE 6: MINE DEVELOPMENT EXPENDITURE		
Carrying amount at beginning	17,497,956	10,223,301
Expenditure incurred during the year	1,921,552	7,274,655
	19,419,508	**17,497,956**

The above costs relate to the development of the Wilcherry Hill iron ore project located in South Australia to which the company has an 80% beneficial interest to its iron ore rights. 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 HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 7: 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.

Unallocated items

Items of revenue, expense, assets and liabilities that are not considered part of the core operations of any segment are classified as unallocated items.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 7: OPERATING SEGMENTS (CONT'D)

	Wilcherry Joint Venture $	Coastal Shipping Logistics P/L $	Total $
(i) Segment performance			
Period ended 31 December 2013			
Segment revenue	**-**	**-**	**-**
Reconciliation of segment revenue to Group's revenue			
Interest received			65,169
Total revenue			**65,169**
Segment result	**(286,744)**	**(68,798)**	**(355,542)**
Reconciliation of segment result to Group's net loss before tax			
Unallocated items:			
Net corporate charges			(1,325,197)
Depreciation expense			(8,883)
Net loss before income tax			**(1,689,622)**
Period ended 31 December 2012			
Segment revenue	**-**	**-**	**-**
Reconciliation of segment revenue to Group's revenue			
Net interest received			222,871
Total revenue			**222,871**
Segment result	**(184,888)**	**(297)**	**(185,185)**
Reconciliation of segment result to Group's net loss before tax			
Unallocated items:			
Net corporate charges			(1,046,117)
Option issue forfeited			(9,685)
Net loss before income tax			**(1,240,987)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 7: OPERATING SEGMENTS (CONT'D)

	Wilcherry Joint Venture $	Coastal Shipping Logistics P/L $	Total $
(ii) Segment assets			
Period ended 31 December 2013			
Segment assets	27,234,987	4,985,384	32,220,371
Reconciliation of segment result to Group's assets			
Unallocated items:			
Cash and cash equivalents			1,984,094
Trade and other receivables			236,674
Property, plant and equipment			180,643
Total assets			**34,621,782**
Additions to /(Reduction in) segment assets for the period:			
Development Expenditure	1,921,552	-	1,921,552
Exploration and evaluation expenditure	250,000	-	250,000
Disposal of property, plant and	-	(1,200,000)	(1,200,000)
Capital Expenditure	637	236,703	237,340
Net increase / (reduction) in segment assets	**2,172,189**	**(963,297)**	**1,208,892**
Period ended 30 June 2013			
Segment Assets	25,062,798	5,948,681	31,011,479
Reconciliation of segment result 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 period:			
Capital expenditure	(49,611)	621,279	571,668
Mine development expenditure	7,274,655	-	7,274,655
Environmental bond	(5,500,000)	-	(5,500,000)
Total additions to segment assets	**1,725,044**	**621,279**	**2,346,323**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 8: ISSUED CAPITAL

		No of shares	Total $
a.	**Ordinary shares**		
	Balance at beginning and end of reporting period	107,903,871	69,365,041

NOTE 9: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since last annual reporting date.

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no significant events subsequent to reporting date.

NOTE 11: DIVIDEND

No Dividend has been paid during or recommended for the half year ended 31 December 2013.

	31 December 2013 $	30 June 2013 $
NOTE 12: COMMITMENTS		
Lease Commitments		
Not longer than one year	539,164	528,522
Longer than one year, but not longer than five years	756,080	967,313
Longer than five years	-	-
	1,295,244	**1,495,835**
Capital Commitments		
Not longer than one year	15,523	536,978
	15,523	**536,978**

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

NOTE 13: FINANCIAL INSTRUMENTS

The Group’s financial instruments consist of cash and cash equivalents, trade and other receivable, trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 14: 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.

Manganese Joint Venture

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

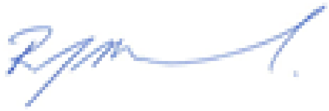
Pursuant to the agreement, the Company paid $250,000 to Trafford Resources Ltd in relation to the joint venture agreement.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 21:
   a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001; and
   b. give a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
2. 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.

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



Robert J. Mencel
Managing Director
Perth, 13th day of March 2014

Bentleys
THINKING AHEAD

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Independent Auditor's Review Report

To the Members of Ironclad Mining Limited

We have reviewed the accompanying half-year financial report of Ironclad Mining Limited ("the Company") and its Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other selected explanatory information and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independent Auditor's Review Report

To the Members of Ironclad Mining Limited (Continued)

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ironclad Mining Limited is not in accordance with the *Corporations Act 2001* including:

a. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

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

Emphasis of Matters

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that the Consolidated Entity incurred a loss of $1,689,622 during the half-year ended 31 December 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 half-year financial report.

Carrying Value of Mining Development Expenditure

Without qualifying our conclusion, we draw attention to Note 6 in the financial report which indicates that the carrying amount of Mine Development Expenditure of $19,419,508 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.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

DATED at PERTH this 13th day of March 2014