

IronClad Mining Limited

ABN 79 124 990 405



*Report for the Half –Year Ended
31 December 2010*

CORPORATE DIRECTORY

CHAIRMAN/EXECUTIVE DIRECTOR

Ian D. Finch

NON-EXECUTIVE DIRECTORS

Neil W. McKay

Peter W. Rowe

COMPANY SECRETARY

Neil W. McKay

REGISTERED OFFICE

Level 2, 679 Murray Street

West Perth, WA 6005

Telephone: + 61 (08) 9485 1040

Facsimile: + 61 (08) 0485 1050

PRINCIPAL OFFICE

307 Pulteney Street

Adelaide, SA 5000

Telephone: +61 (08) 8224 0411

Facsimile: +61 (08) 8227 0411

AUDITORS

Bentleys

Level 1, 12 Kings Park Road

West Perth, WA 6005

Telephone: +61 (08) 9226 4500

Facsimile: +61 (08) 9226 4300

SOLICITORS

Price Sierakowski

Level 24, St Martin's Tower

44 St George's Terrace

Perth, WA 6000

Telephone: +61 (08) 6211 5000

Facsimile: +61 (08) 6211 5055

SHARE REGISTRAR

Advanced Share Registry Ltd

150 Stirling Highway

Nedlands, WA 6009

Telephone: +61 (08) 9389 8033

Facsimile: +61 (08) 9389 7871

STOCK EXCHANGE LISTING

Australian Securities Exchange

(Home Exchange: Perth, Western
Australia)

Code: IFE

BANKERS

Westpac Banking Corporation

Murray Street

West Perth, WA 6005



IRONCLAD
MINING LIMITED

TABLE OF CONTENTS

***DIRECTORS' REPORT*2**

***AUDITOR'S INDEPENDENCE DECLARATION*8**

***STATEMENT OF COMPREHENSIVE INCOME*9**

***STATEMENT OF FINANCIAL POSITION* 10**

***STATEMENT OF CHANGES IN EQUITY* 11**

***STATEMENT OF CASH FLOWS* 12**

***NOTES TO THE FINANCIAL STATEMENTS* 13**

***DIRECTORS' DECLARATION*..... 18**

***INDEPENDENT AUDITOR'S REVIEW* 19**

DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half-year ended 31 December 2010.

Directors

The names of the Company's Directors who held office during and until the date of this report are:

Mr. Ian Finch

Mr Neil McKay

Mr. Peter Rowe

All directors have been in office since the start of the financial period to the date of this report unless stated otherwise.

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 Company during the course of the half-year were the exploration and evaluation of mineral resources. 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:

- **Upgraded the crystalline magnetite resource at Wilcherry Hill Iron Project to 69.3Mt, which included a high grade Direct Shipping Ore (DSO) resource of 10.2Mt.**
- **Signing of Native Title Mining Agreement with the Gawler Ranges Native Title Claim Group.**
- **Signing of Sales and Marketing Agreement with Singapore-based group OMS Materials (S) Pte Ltd (OMS), a subsidiary of OM Holdings Limited**
- **Completion of Wilcherry Hill Iron Project Feasibility Study.**
- **Capital raising through 15% placement completed in December 2010.**

Exploration - Resource Upgrade

During the first period of 2010, IronClad Mining drilled more than 16000m of reverse circulation drill holes and 2000m of diamond drilling in order to move the magnetite resource from the inferred to indicated category.

A significant upgrade of the resource was completed during this quarter bringing the resource to 69.3Mt, which included a high grade Direct Shipping Ore (DSO) resource of 10.2Mt. The definition drilling was focused on the Weednanna prospect, but also covered Weednanna North, Ultima Dam East and Ultima Dam West prospects (Figure 1).

DIRECTORS' REPORT

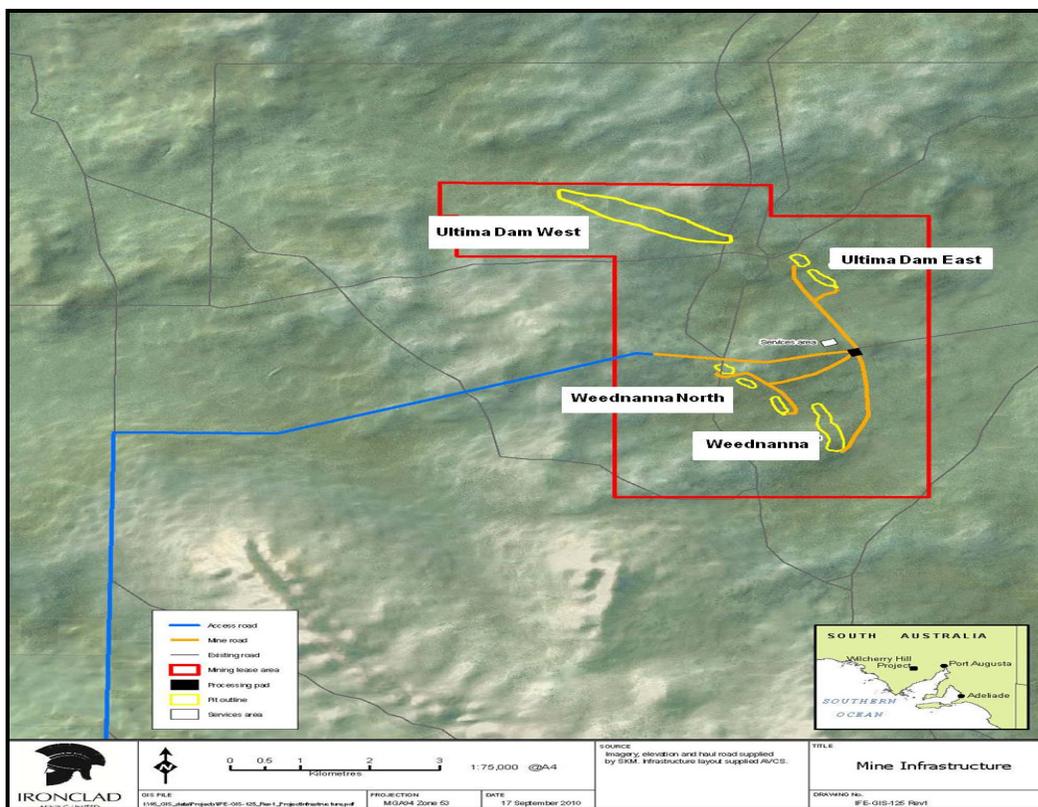


Figure 1: Map showing Wilcherry Hill Mining Lease Application and highlighting the Weednanna, Weednanna North, Ultima Dam East and Ultima Dam West prospects.

The significant upgrade of the Wilcherry Hill resource to 69Mt includes 48Mt indicated and 21Mt inferred. This indicated resource was independently verified and JORC Code classified by independent SRK Consulting and enables IronClad to finalise its mining study and reserve statement.

The high grade resource is the crystalline magnetite targeted to be mined during the planned Stage 1 DSO mining operations which are on track to commence in 2011. A summary of the high grade (>40% Fe lower cut-off) Indicated Resource is provided in Table 1.

Prospect	Wire Frame	Jorc Classification	Tons (mt)	Fe %	Sg	Sio2 %	Al2o3 %	P %	Loi	Strike Length	Average Dip
Weednanna	> 40% High Grade	87 % Indicated	4.4	46.72	3.62	15.29	4.38	0.02	3.67	1.2 Km	45 Degrees
Ultima Dam East	> 40% High Grade	93% Indicated	3.5	43.74	3.51	15.32	6.06	0.19	10.79	1.4 Km	40 Degrees
Weednanna North	> 40% High Grade	81% Indicated	2.4	44.73	3.55	17.19	5.75	0.04	5.25	1.1 Km	< 40 Degrees
Total	> 40% High Grade	87 % Indicated	10.2	45.06	3.56	15.93	5.40	0.08	6.57	3.7 Km	40 Degrees

Table 1: Summary of high grade resource at Wilcherry Hill

DIRECTORS' REPORT

Wilcherry Hill Feasibility Study

The Project feasibility study for the start of operations at the Wilcherry Hill iron ore project in South Australia was completed. Stage One is defined as being the production and sale of Direct Shipping Ore (DSO) from within the current JORC compliant Resource of 69 million tonnes of coarse, crystalline, low contaminant ore at Wilcherry Hill. This currently stands at a recoverable 5.8 million tonnes from which approximately 4.1 million tonnes of high quality, saleable product will result after passing through a simple, low cost, crushing, screening and dry magnetic separation (DMS) plant.

Additional DSO material will be added to inventory by further conversion of existing Inferred and Indicated resources by further detailed drilling and by ongoing exploration of the 600 – 700 million tonne crystalline magnetite target*1 outlined by the Company and confirmed by independent consultants SRK.

Stage Two is defined as ore derived from the remainder of the JORC compliant resource of 69 million tonnes of coarse, crystalline, low contaminant material at Wilcherry Hill, by wet beneficiation processes. Additional resources for wet beneficiation will also be added to inventory from exploration drilling once production is underway. The feasibility study for stage two production will re-commence early in the new year (approximately two years work has previously been undertaken). Stage two production is planned to allow overall production to rise to between 4 and 6 million tonnes per annum.

Stage Three will see production initiated from the massive Hercules project about 15 km to the east of the Wilcherry Hill mining area, and approximately 30 km from the world class hematite ore body at Iron Knob.

Stage One Specifications

Metallurgical and process test work over the past 12 months has established that a premium fines product with a specification grade of >60% Fe can be produced by simple crushing, screening and dry magnetic separation (DMS).

For >50% Fe feed material, crushing only needs to be to <6.3 mm. For material between 40% Fe and 49% Fe, crushing to <1.8 mm will be required.

In all cases contaminants, including phosphorus and sulphur, are at extremely low levels.

The product will be classified as a premium grade ore.

Stage One Mining and Processing

Selective mining of high grade ore will be achieved by truck and shovel using a mining fleet optimised to the requirements of a minimum mining width of 30 metres. Initial mining will be carried out from three pits each with ore from surface. Mined high grade ore will be transported to a centralised processing plant (Figure 1). Lower in situ grade ore (<40% Fe) will be stockpiled separately to be processed in future Stage 2 operations.

The centralised processing plant will consist of three stages of crushing (to <6.3 mm and <1.8 mm) and a screening plant, with below-specification material then passing through a low intensity magnetic separation (LIMS) plant to produce a minimum +60% Fe high quality fines product.

Production will be "batched", in that crushing will be set to <6.3 mm for input grades of 50% Fe and above. For input grades of 40% Fe to 49% Fe, crushing will be set to <1.8 mm. Batched product will then be stockpiled and blended to achieve specification iron grades. The low level of contaminants throughout the Wilcherry Hill ore means that no blending will be necessary with regard to reducing deleterious materials prior to sale.

A detailed mine plan and production schedule for years 1 -5 has been developed to meet the following objectives:-

- ✓ Minimum production of 1 Mtpa (year one production to be upgraded to 2 Mtpa in years 2 & 3)

DIRECTORS' REPORT

- ✓ Optimised stripping ratios across all three starter pits through multiple bench progressions
- ✓ A schedule that produces steady state mining operations and ore supply balanced with mining fleet requirements.
- ✓ A schedule that meets potential blending requirements i.e. ability to mine from multiple pits during the first phases of mine life.
- ✓ Pursue backfill options over the course of early mine life to allow flexibility for environmental and statutory rehabilitation requirements.
- ✓ Maximise cash flow during the initial stages of the project and ultimately maximise net present value of the project.

Within the initial mining scenario a total of 4.1 Mt of DSO product will be produced from 5.8 Mt of high grade reserve (processing plant input) with an average stripping ratio of 5:1 for all pits across life of mine.

At this stage only indicated resources that can readily be converted into a mining reserve have been included in the optimised pits to a maximum depth of 65 m. Significant upside to increase DSO production does exist as deeper resources (up to 120 m) are proven and known new potential resource areas (+600 Mt) are available to IronClad.

Transport and Freight

DSO from the processing plant will be loaded into containers and transported via flatbed triple road trains from the mine site to a rail siding north of Whyalla. The containers will then travel by rail to Port Adelaide where the ore will be loaded onto Panamax or small Cape Size vessels. Currently, IronClad is in the process of finalising the road, rail and port contracts.

Capital Costs

All-up capital costs to commence operations, including a \$2.4 million contingency will be \$26.3 million. This does not include working capital of between \$6 - \$8 million, which will be raised closer to commencement of operations. A breakdown of the capital cost items is as follows:

PROJECT	VALUE (AU\$)
DRY MAGNETIC SEPARATION	\$ 3.0 M
MINE PREPARATION	\$ 1.0 M
SITE WORKS	\$ 1.1 M
BORE FIELDS & WATER STORAGE	\$ 4.1 M
ROAD UPGRADE	\$ 1.5 M
ACCOMMODATION VILLAGE	\$ 5.0 M
TRAIN LOAD-OUT	\$ 3.0 M
ENVIRONMENTAL BOND	\$ 2.3 M
EPCM	\$ 1.4 M
LEGALS, APPROVALS, ETC.	\$ 1.5 M
CONTINGENCY	\$ 2.4 M
TOTAL	<u>\$26.3 M</u>

DIRECTORS' REPORT

Sales

IronClad has a 2 year contract with OMS Trading Pte Ltd ("OMS") in Singapore to sell all the Company's production from a Southern Chinese stockpile. OMS are contracted to supply appropriate vessels at the request and timing of IronClad and required to pay the Company 95% of the agreed price of each vessel's contents within 30 days of the ship departing Port Adelaide.

OMS will sell to a range of end users from the stockpile and price adjustments will be made according to prices received by OMS. Prices for 62% Fe fines are widely predicted to remain at current high levels of ~US\$150 – US\$180 per tonne C&F to China for at least two more years (end 2012) before retreating gradually to lower levels of around US\$100 – US\$120 per tonne in the medium term.

IronClad can, therefore, look forward to margins of >AUD\$50 per tonne in its early years. However, planned cost reduction measures in the ensuing years will help maintain similar margin levels should iron ore prices retreat as anticipated.

Approvals

The Mining Lease Proposal (MLP) has been carefully prepared by IronClad in conjunction with Coffey Environments and was submitted to the South Australian Mines Department (PIRSA) on the 9th of January 2011. There is likely to be a 5 - 6 month approval process which, if successful, will be followed by submission of the Company's Mining and Rehabilitation Programme (MARF) which is likely to require a further 2 months before final approval to mine is attained. First mining is therefore expected to commence in September or October 2011 with first shipments anticipated in December 2011.

Native Title Signing

The signing of a Native Title Mining Agreement during the period has opened the way for the development of IronClad Mining's Wilcherry Hill iron ore project. The Native Title Mining Agreement was signed by the Gawler Ranges Native Title Claim Group and executives of IronClad (Figure 2). It provides for a range of measures and opportunities that will flow from the development of a mining operation at Wilcherry Hill in a manner sensitive to Aboriginal cultural and heritage issues.



Figure 2: IronClad's Directors at Native Title Signing with members of the Gawler Ranges Native Title Claim Group

Corporate

During the reporting period a Renounceable Rights Issue was offered to shareholders at \$0.85 a share on a one for five basis, to raise \$7,456,866. The Company's major shareholder, Trafford Resources Limited,

DIRECTORS' REPORT

which owns 22 million issued shares in IronClad, fully participated in the funding. The Rights Issued closed on 29th July 2010 and in accordance with the Prospectus, the Company fully placed the shortfall, on 3rd September 2010.

In December 2010, the Company raised further capital by way of a 15% placement to raise \$5,921,250 by placing 7,895,000 new fully paid ordinary shares ("Placement Shares") of the company at \$0.75 per share. The Placement was made to a range of institutional and sophisticated investors through Phillip Capital Australia Pty Ltd, a partner of Intersuisse Limited.

Operating Results

The Company's loss for the six month period after providing for income tax amounted to \$608,603 (2009: \$670,201).

Significant Changes in State of Affairs

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

Significant Events After Balance Date

On 23rd February 2011, the Company announced a Non-Renounceable Rights Issue at \$0.75 a share on a one for four basis to raise \$11,349,727 by issuing 15,132,969 new fully paid ordinary shares ("Rights Issue Shares") together with one free attaching option exercisable at \$0.75 per option on or before 30 March 2012.

In the opinion of the Directors there are no other significant changes in the events after balance date of the Company that occurred and have not already been disclosed in this report.

Competent Persons Statement

The information in the Directors Report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Ian D. Finch, who is the Executive Chairman 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. Finch 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Finch 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 8 of the Financial Report for the half-year ended 31 December 2010.

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

Director.....

Mr. Ian D. Finch

Dated this 9th Day of March 2011



**Bentleys Audit
& Corporate (WA) Pty Ltd**
ABN 33 121 222 802

Level 1
12 Kings Park Road
West Perth WA 6005

PO Box 44
West Perth WA 6872

T +61 8 9226 4500
F +61 8 9226 4300

www.bentleys.com.au

To The Board of Directors

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

This declaration is made in connection with our review of the financial report of IronClad Mining Limited for the half year ended 31 December 2010 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully

BENTLEYS
Chartered Accountants

CHRIS WATTS
Director

DATED at PERTH this 9th day of March 2011



A member of Bentleys, an association of independent accounting firms in Australia.
The member firms of the Bentleys association are affiliated only and not in partnership
Liability limited by a scheme approved under Professional Standards Legislation



Perth | Adelaide | Melbourne | Sydney | Brisbane | Canberra

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31.12.2010	31.12.2009
	\$	\$
Revenue	75,053	55,438
Administration expense	(22,021)	(20,222)
Consultancy expenses	(94,045)	(40,055)
Compliance & regulatory expenses	(36,684)	(60,981)
Director fees	(46,018)	(46,018)
Depreciation and amortisation expense	(41,385)	(41,254)
Finance costs	(66,143)	(746)
Legal fees	(11,450)	(250)
Occupancy costs	(52,257)	(18,508)
Option issue expense	305,632	(71,132)
Public relations cost	(120,748)	(90,440)
Staff costs expenses	(416,778)	(79,156)
Exploration Written Off	-	(230,381)
Other expenses	(81,759)	(26,496)
Total expenses	<u>(683,656)</u>	<u>(725,639)</u>
(Loss) before income tax expense	(608,603)	(670,201)
Income tax expense	-	-
(Loss) for the period attributable to members	(608,603)	(670,201)
Other comprehensive income	-	-
Total Comprehensive income for the period	(608,603)	(670,201)
Basic and Diluted earnings per share (cents per share)	(1.18)	(1.68)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	31.12.2010	30.06.2010
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	6,139,557	392,001
Trade and other receivables		452,955	596,217
TOTAL CURRENT ASSETS		6,592,512	988,218
NON-CURRENT ASSETS			
Trade and other receivables		56,372	39,950
Property, plant and equipment		149,381	170,513
Capitalised exploration expenditure		25,671,765	22,306,496
TOTAL NON-CURRENT ASSETS		25,877,518	22,516,959
TOTAL ASSETS		32,470,030	23,505,177
CURRENT LIABILITIES			
Trade and other payables		482,256	3,166,017
Borrowings		-	300,000
Short-term provisions		61,701	188,617
TOTAL CURRENT LIABILITIES		543,957	3,654,634
TOTAL LIABILITIES		543,957	3,654,634
NET ASSETS		31,926,073	19,850,543
EQUITY			
Issued capital	4	34,811,112	21,821,347
Reserves		2,498,850	2,804,482
Accumulated Losses		(5,383,889)	(4,775,286)
TOTAL EQUITY		31,926,073	19,850,543

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at 1.7.2010	21,821,347	(4,775,286)	2,804,482	19,850,543
Loss for the period	-	(608,603)	-	(608,603)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(608,603)	-	(608,603)
Forfeited options from Director and Employees	-	-	(305,632)	(305,632)
Shares issued during the period	13,378,161	-	-	13,378,161
Transaction costs	(388,396)	-	-	(388,396)
Balance at 31.12.2010	34,811,112	(5,383,889)	2,498,850	31,926,073
Balance at 1.7.2009	19,324,789	(3,853,568)	2,773,850	18,245,071
Loss for the period	-	(670,201)	-	(670,201)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(670,201)	-	(670,201)
Issue of options to Director and Employees	-	-	71,132	71,132
Balance at 31.12.2009	19,324,789	(4,523,769)	2,844,982	17,646,002

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31.12.2010	31.12.2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(921,775)	(410,317)
Payments for exploration activity	(4,677,180)	(1,234,464)
Interest received	75,152	39,965
Interest and other charges	(61,688)	-
Research and development rebate and other income	188,074	188,639
Net cash provided by (used in) operating activities	<u>(5,397,417)</u>	<u>(1,416,177)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	<u>(20,253)</u>	-
Net cash provided by (used in) investing activities	<u>(20,253)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan repaid to parent entity	(1,851,974)	-
Loan from other entity	61,035	-
Proceeds from issue of shares	13,378,161	-
Fundraising costs	(421,935)	-
Net cash provided by (used in) financing activities	<u>11,165,287</u>	-
Net increase (decrease) in cash held	5,747,617	(1,416,177)
Cash at beginning of period	392,001	3,648,635
Effects of Foreign Exchange on Cash	(61)	(138)
Cash at end of period	<u>6,139,557</u>	<u>2,232,320</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards; including standard AASB 134: Interim Financial Reporting.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The Half-Year Financial Statements do not include all notes of the type normally included within an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

It is recommended that The Half-Year Financial Statements be read in conjunction with the Annual Financial Report for the year ended 30 June 2010 and considered together with any public announcements made by IronClad Mining Limited during the half-year ended 31 December 2010 in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the company and are consistent as those adopted in the most recent annual financial report.

Changes in Accounting Policies – New Accounting Standards and Interpretations

There have been no new applicable Standards and Interpretations, mandatory for annual period beginning on or after 1 July 2010 and the Company has not elected to early adopt any new standards or amendments.

Going Concern

The accounts have 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.

Whilst the Company has achieved exploration success with its mineral projects, the Directors recognise that the Company will have to seek additional funding in order to continue to exploit and develop its mineral assets.

The ability of the Company to continue to pay its debts as and when they fall due is dependent upon successfully raising additional funds and ultimately developing or selling its mineral properties. Currently the Company is in the middle of a Non-Renounceable Rights Issue at \$0.75 a share on a one for four basis, please refer to Note 6: Events Subsequent to Reporting Date for further details.

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

- The Directors have an appropriate plan to raise additional funds as and when they are required. In light of the Company'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 operating and exploration expenditure if appropriate funding is unavailable.

	31.12.2010	30.06.2010
	\$	\$
NOTE 2: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	10,274	2,148
Short-term bank deposits	6,129,283	389,853
	6,139,557	392,001

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

NOTE 3: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Company 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 Company 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 Company.

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

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 HALF-YEAR ENDED
31 DECEMBER 2010**

NOTE 3: OPERATING SEGMENTS (CONT'D)

	Wilcherry Joint Venture	Lincoln Joint Venture	Total
	\$	\$	\$
(i) Segment performance			
Period ended			
31.12.2010			
Segment revenue	-	-	-
<i>Reconciliation of segment revenue to Company's revenue</i>			
Interest revenue			75,053
Total revenue			<u>75,053</u>
Segment result	-	-	-
<i>Reconciliation of segment result to Company's net loss before tax</i>			
<i>Unallocated items:</i>			
Corporate Charges			(872,850)
Depreciation			(41,385)
Option issue forfeited			305,632
Net loss before income tax			<u>(608,603)</u>
Period ended			
31.12.2009			
Segment revenue	-	-	-
<i>Reconciliation of segment revenue to Company's revenue</i>			
Interest revenue			55,438
Total revenue			<u>55,438</u>
Segment result	-	(230,381)	(230,381)
<i>Reconciliation of segment result to Company's net loss before tax</i>			
<i>Unallocated items:</i>			
Corporate Charges			(327,434)
Depreciation			(41,254)
Option issue expense			(71,132)
Net loss before income tax			<u>(670,201)</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

NOTE 3: OPERATING SEGMENTS (CONT'D)

(ii) Segment assets	Wilcherry Joint Venture	Lincoln Joint Venture	Total \$
	\$	\$	
Period ended 31.12.2010			
Segment assets	25,686,765	-	25,686,765
<i>Reconciliation of segment result to Company's assets</i>			
<i>Unallocated items:</i>			
Cash and cash equivalents			6,139,557
Trade and other receivables			494,327
Property, plant and equipment			149,381
Total assets			32,470,030
 Additions to segment assets for the period:			
Exploration expenditure	3,365,269	-	3,365,269
Total additions to segment assets	3,365,269	-	3,365,269
 Period ended 30.06.2010			
Segment Assets	22,321,496	-	22,321,496
<i>Reconciliation of segment result to Company's assets</i>			
<i>Unallocated items:</i>			
Cash and cash equivalents			392,001
Trade and other receivables			621,167
Property, plant and equipment			170,513
Total assets			23,505,177
 Additions to segment assets for the period:			
Exploration expenditure	6,836,901	-	6,836,901
Other – security bond	15,000	-	15,000
Total additions to segment assets	6,851,901	-	6,851,901

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

NOTE 4: ISSUED CAPITAL

	No of shares	Total \$
a. Movement in fully paid ordinary shares on issue:		
Balance at 1 July 2009	40,000,003	19,324,789
Shares issued during the year	-	-
— 3,534,892 shares @ \$0.65 on 19 January 2010	3,534,892	2,297,680
— 329,139 shares @ \$0.65 on 13 April 2010	329,139	213,940
Transaction cost relating to share issues		(15,062)
Balance at 30 June 2010	43,864,034	21,821,347
Balance at 1 July 2010	43,864,034	21,821,347
Shares issued during the period	-	-
— 6,951,091 shares @ \$0.85 on 4 August 2010	6,951,091	5,908,427
— 1,821,716 shares @ \$0.85 on 3 September 2010	1,821,716	1,548,459
— 7,895,033 shares @ \$0.75 on 14 December 2010	7,895,033	5,921,275
Transaction cost relating to share issues		(388,396)
Balance at 31 December 2010	60,531,874	34,811,112

NOTE 5: CONTINGENT LIABILITIES

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

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

On 23rd February 2011, the Company announced a Non-Renounceable Rights Issue at \$0.75 a share on a one for four basis to raise \$11,349,727 by issuing 15,132,969 new fully paid ordinary shares ("Rights Issue Shares") together with one free attaching option exercisable at \$0.75 per option on or before 30 March 2012.

NOTE 7: DIVIDEND

No Dividend has been paid during or recommended for the half year ended 31 December 2010.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 17:
 - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. give a true and fair view of the company's financial position as at 31 December 2010 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.



Mr. Ian D. Finch

Dated this 9th day of March 2011



**Bentleys Audit
& Corporate (WA) Pty Ltd**
ABN 33 121 222 802

Level 1
12 Kings Park Road
West Perth WA 6005

PO Box 44
West Perth WA 6872

T +61 8 9226 4500
F +61 8 9226 4300

www.bentleys.com.au

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") which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

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 control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2010 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 IronClad Mining Limited, 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.

Independence

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



NUMBER ONE IN NUMBERS

A member of Bentleys, an association of independent accounting firms in Australia.
The member firms of the Bentleys association are affiliated only and not in partnership
Liability limited by a scheme approved under Professional Standards Legislation



Perth | Adelaide | Melbourne | Sydney | Brisbane | Canberra

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



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 Company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

BENTLEYS
Chartered Accountants

CHRIS WATTS
Director

DATED at PERTH this 9th day of March 2011