



ANNUAL REPORT **2010**



Logging chips from pre-collars at Boo-Loo

Corporate Directory

Directors

Julian Gosse
Ian Hume
Matthew J Keegan
Andrew J Stocks

Chairman
Non Executive Director
Non Executive Director
Managing Director

Company Secretary

Graham D Anderson

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CONTENTS



Drilling at the Central Eyre Iron Project

Corporate Directory	
Chairman's Report	2
Review of Operations	4
Directors' Report	18
Auditor's Independence Declaration	29
Corporate Governance Statement	30
Statement of Comprehensive Income	32
Statement of Financial Position	33
Statement of Changes in Equity	34
Statement of Cash Flows	35
Notes to the Financial Statements	36
Directors' Declaration	55
Independent Audit Report	56
Australian Stock Exchange Additional Information	58
Glossary	60

CHAIRMAN'S REPORT

Dear Shareholder

On behalf of the Board of Iron Road Limited, it is my pleasure to present to you the Annual Report for 2010.

This has been a busy year for Iron Road, on both a project and corporate level. Iron Road has been actively advancing its projects and has made significant progress in achieving our goal of becoming a substantial producer of high quality iron ore concentrates.

Key to this strategy is the development of the Central Eyre Iron Project (CEIP) in South Australia and we are delighted with the progress we have achieved.

Significant milestones reached at CEIP during the year include –

- Identification by Coffey Mining of a total exploration potential of 2.8 - 5.7 billion tonnes of magnetite gneiss, establishing the necessary significant size potential for the operation;
- Positive metallurgical test work demonstrated that a saleable iron product, with a high iron grade (70%) and minimal impurities can be generated, establishing an important indicator of economic feasibility;
- Further metallurgical test work has also shown that a 68.5% iron concentrate can be generated at coarser grind sizes than previously tested, which has significant implications for process design with potential reduction in power consumption and lower operating costs;
- A 328Mt JORC Resource has now been established at the project, well on the way to meeting Iron Road's corporate goal of 500Mt in resource by the end of calendar 2010; and
- Most significantly, the company engaged Mineral Engineering Technical Services Pty Ltd (METS) to commence a Pre Feasibility Study (PFS) for the project, which is scheduled for completion in early 2011.

The CEIP remains one of Australia's most significant emerging magnetite projects. Looking forward, the year ahead will bring a substantial landmark development with the coming completion of the PFS for the project.

The PFS will establish the optimum infrastructure solution, processing options and expected operating and capital costs for the project. Iron Road is confident that CEIP has established the necessary early successes in resource size, metallurgical test work and potential processing routes to deliver a strong PFS result.

Central Eyre Iron Project – on the Road to Development

Iron Road is striving to achieve its stated corporate objective of increasing the mineral resource at Central Eyre Iron Project to 500Mt in 2010, in conjunction with the prefeasibility study underway. To achieve this goal, the company has undertaken extensive drilling programs and test work. Most recently, Iron Road completed Stage III drilling at the Boo-Loo and Dolphin prospects, which led to the expansion of the existing inferred mineral resource at Boo-Loo and Dolphin to 328 Mt. On the resource front, the year also saw the emergence of the Murphy South ore body from the Stage IV drilling programme, which is providing excellent initial drilling intercepts.

We will be very pleased to achieve our corporate goal of 500Mt in resources by the end of 2010 and see this as key to realising the potential of the substantial 2.8-5.7 billion tonne magnetite gneiss exploration target estimated by Coffey Mining at the Central Eyre Iron Project.

CHAIRMAN'S REPORT

Gawler Iron Project

Iron Road has also been actively progressing its Gawler Iron Project, the second major project in the Company's portfolio.

Major activities include the receipt of a heritage clearance survey, the appointment of Dr Fop Vanderhor as Project Manager, the identification of high priority hematite direct shipping ore (DSO) targets and the commencement of an extensive RC drilling program.

Iron Road are focussed on obtaining the support of government and the community in the development of its projects and were very pleased to have received a A\$60,000 grant by the South Australian Government for the development of the Gawler Iron Project.

Corporate

As we progress our portfolio of iron ore projects in South Australia, it is important that we ensure we have the appropriate staffing and resources to ensure optimal development. We were delighted to appoint Mr Milo Res as Geology Manager during 2010. Milo is a highly experienced industry professional and is a welcome addition to our strong management team.

Along with a strong team of people, another key ingredient in developing successful projects is sufficient funding. We closed 2010 with a strong balance sheet and we thank both our long standing and new shareholders for their support of share placements during the year. This funding, coupled with the proceeds of upcoming option conversions will be sufficient to fund the Pre-Feasibility Study (PFS) at our flagship CEIP.

Iron Road has a strong commitment to being a strong participant within the local communities in which we operate. I am pleased to report that Iron Road has a comprehensive communities engagement plan and has provided backing for a number of locally relevant community events and sporting associations and clubs.

In order to rapidly promote the expansion of infrastructure in the Central Eyre region, Iron Road has joined the Eyre Peninsula Mining Alliance as a foundation member. This Alliance has been formed to both promote infrastructure development and ensure all resources project proponents in the region engage in a consistent and forthright manner with the local community.

Conclusion

2010 has been a very successful year for Iron Road, with achievements across all key parts of the company – projects, product, people, capital, community relations, government relations and infrastructure.

Iron Road is particularly pleased to have retained the support of our key strategic investor, the Sentient Group, a well regarded investment firm with a strong track record of investing in the global resources industry and we thank all our shareholders for their loyal support during the year.

We are delighted to have the opportunity to report to all shareholders the results of an extremely productive period, on both the corporate and project development fronts. We are pleased to be rapidly progressing towards our vision of becoming an independent iron ore producer.

Iron Road is on the road to development and I thank our shareholders, partners, staff and all stakeholders for their ongoing support and look forward to another challenging and rewarding year.

Yours Sincerely



Julian Gosse

REVIEW OF OPERATIONS

Review of Operations

Iron Road continued its high level of activities aimed at advancing the flagship Central Eyre Iron Project. Major drilling programmes at both the Boo-Loo and Dolphin prospects culminated in a significant upgrade to the existing mineral resource and further mineralisation is now being drilled at Murphy South. The Central Eyre Iron Project is currently under a pre-feasibility study examining the prospect for a significant magnetite concentrate export operation. An extensive drilling programme was also conducted at the Gawler Iron Project.

Highlights

Iron Road focused heavily on developing its portfolio of projects during the course of 2010 and undertook the following activities on its projects.

Central Eyre Iron Project

- Stage III drilling was designed to determine the potential of the Boo-Loo and Dolphin prospects. The programme comprised 54 holes (14,490 metres) and culminated in a substantial mineral resource upgrade.
- Stage IV drilling programme tested several targets identified from detailed aeromagnetic surveys and a structural studies and included the Murphy South discovery section.
- Stage V drilling programme is underway to determine the potential of Murphy South. This programme is expected to add 400-800Mt to the mineral resource.
- A maiden mineral resource of 110Mt was announced in August 2009 and expanded to 328Mt in June 2010. An exploration target was independently determined to be 2.8-5.7 billion tonnes of magnetite gneiss.
- A prefeasibility study (PFS) examining the Central Eyre Iron Project commenced.
- Metallurgical and geotechnical holes were drilled at Boo-Loo and Dolphin prospects to support the PFS.



REVIEW OF OPERATIONS

Gawler Iron Project

- Stage I drilling programme was completed in May 2010, comprising 71 RC drill holes for 6,148m.
- Nine target areas were tested. Hematite- and magnetite-rich gneiss was encountered at all areas.
- Heritage clearance granted by the Antakarinja Matu-Yankunytjatjara Aboriginal Corporation (AMYAC), followed by successful visits as part of the ongoing monitoring programme.
- Award of a A\$60,000 grant by the South Australian Government as part of its Plan for Accelerating Exploration (PACE).

Windarling Iron Project

- Project farmed out to Convergent Minerals.
- Exploration by Convergent is likely to commence in October 2010, focused on locating near surface high grade haematite similar to that mined nearby.
- Access and infrastructure in the region is well established.

Corporate

- Internal corporate objective to increase the mineral resource estimate across the Central Eyre Iron Project to 500Mt in 2010.
- Two placements were made during the year – \$2.4M raised at 30 cents per share in August 2009 and \$6.1M raised at 64 cents per share in March 2010, before costs.
- Milo Res, former Crosslands Resources Mine Geology Advisor, was appointed Geology Manager.
- Dr Fop Vanderhor appointed Project Manager with specific responsibility for the Gawler Iron Project.

Central Eyre Iron Project (Iron Road 100%)

The Central Eyre Iron Project (663km²) is located on the Eyre Peninsula of South Australia and consists of three distinct prospects – **Warrambo, Kopi and Hambidge**. Community relationships and support are excellent with great interest shown in possible development scenarios.

The Company's goal at the Central Eyre Iron Project is to establish a resource inventory that will underpin a large iron concentrate export operation commencing at 10 million tonnes per annum for at least 20 years with a view to feeding the Direct Reduced Iron (DRI) and concentrate markets of Asia, Europe and the Middle East.

Coffey Mining reviewed available data and established an exploration target of 2.8 to 5.7 billion tonnes of magnetite gneiss at the project. As part of this exercise, exploration targets were prioritised to assist planning of drilling campaigns.

Mineral Resource Estimate

The Stage II drill programme was prepared in conjunction with Coffey Mining, and was the basis of the Company's maiden mineral resource estimate of 110.5Mt at 19.4% iron. This programme demonstrated the consistent nature to the geology and test work confined to the 1.7km portion under investigation (known as Boo-Loo) resulted in an indicative average concentrate grade of 69.9% iron with a mass recovery of 21.8% for the fresh material. This compares favourably to the results of the Stage I drilling programme that resulted in an indicative average of 70.3% iron across the upper portion of the Warrambo deposit. Significantly, an excellent link was demonstrated between target exploration methodology and resulting defined resources.

The Stage III programme investigated extensions to the Boo-Loo area and the adjacent Dolphin prospect and in June 2010 the Company announced a tripling of the reported mineral resources at its Central Eyre Iron Project. Resources at the project now stand at 328Mt (refer table below). This programme incorporated a significant programme of drilling, structural, geotechnical, geophysical and metallurgical investigations designed to support the ongoing PFS at the project.

REVIEW OF OPERATIONS



Project location plan



Boo-Loo mineral resource drilling

REVIEW OF OPERATIONS

Resource Classification	Material Type	Boo-Loo Resource Estimate					
		Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Inferred	Fresh	277	17.3	52.5	11.5	0.095	0.5
	Transitional	13	17.0	52.4	11.6	0.094	10.7
	Oxide	38	17.2	52.1	11.6	0.094	10.8
Total		328	17.3	52.4	11.5	0.095	2.1

The Boo-Loo resource estimate was carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd.

Project	Indicative Concentrate Specifications					
	Fe %	Mass Rec %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Stage 1 drilling *	70.3	21.0	1.0	0.8	0.00	-3.3
Boo-Loo **	69.9	21.8	1.3	1.0	0.00	-2.8
Boo-Loo update ***	70.0	21.0	1.3	1.0	0.00	-3.3

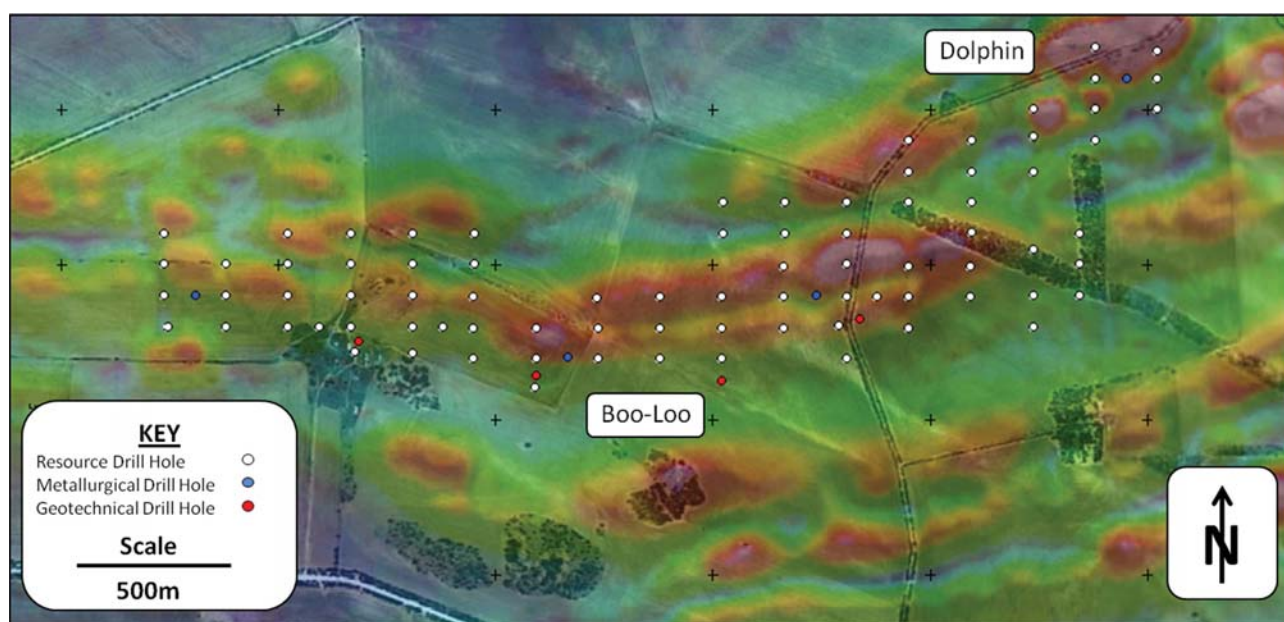
P80 passing 40 micron

* based on 72 DTR composites across the upper portion of the CEIP deposit from Stage 1 drilling

** based on 396 DTR composites across the Boo-Loo project only

*** based on an additional 1018 DTR composites outside the original Boo-Loo resource

The Stage IV drilling programme (9,845 metres) investigating small portions of different areas of interest over the project identified the importance of the Murphy South prospect, one kilometre southeast of Boo-Loo. The discovery section recorded magnetite gneiss over 700 metres wide, with continuous intersected thicknesses of 120 metres. The Company immediately commenced the Stage V drilling programme at Murphy South, comprising an additional 65 holes.



Boo-Loo and Dolphin drill hole location plan

REVIEW OF OPERATIONS

Iron Road set a corporate goal of further increasing the mineral resource to 500Mt of iron ore at the CEIP by year-end. In light of current activities, Iron Road remains confident of achieving this objective.

Magnetic anomalies indicate potential for +95km cumulative strike length of magnetite gneiss strata over the CEIP. This substantial target suggests potential for necessary project size and status to justify a standalone export operation and strengthening potential for CEIP to be one of the major magnetite iron ore projects currently under review in Australia.

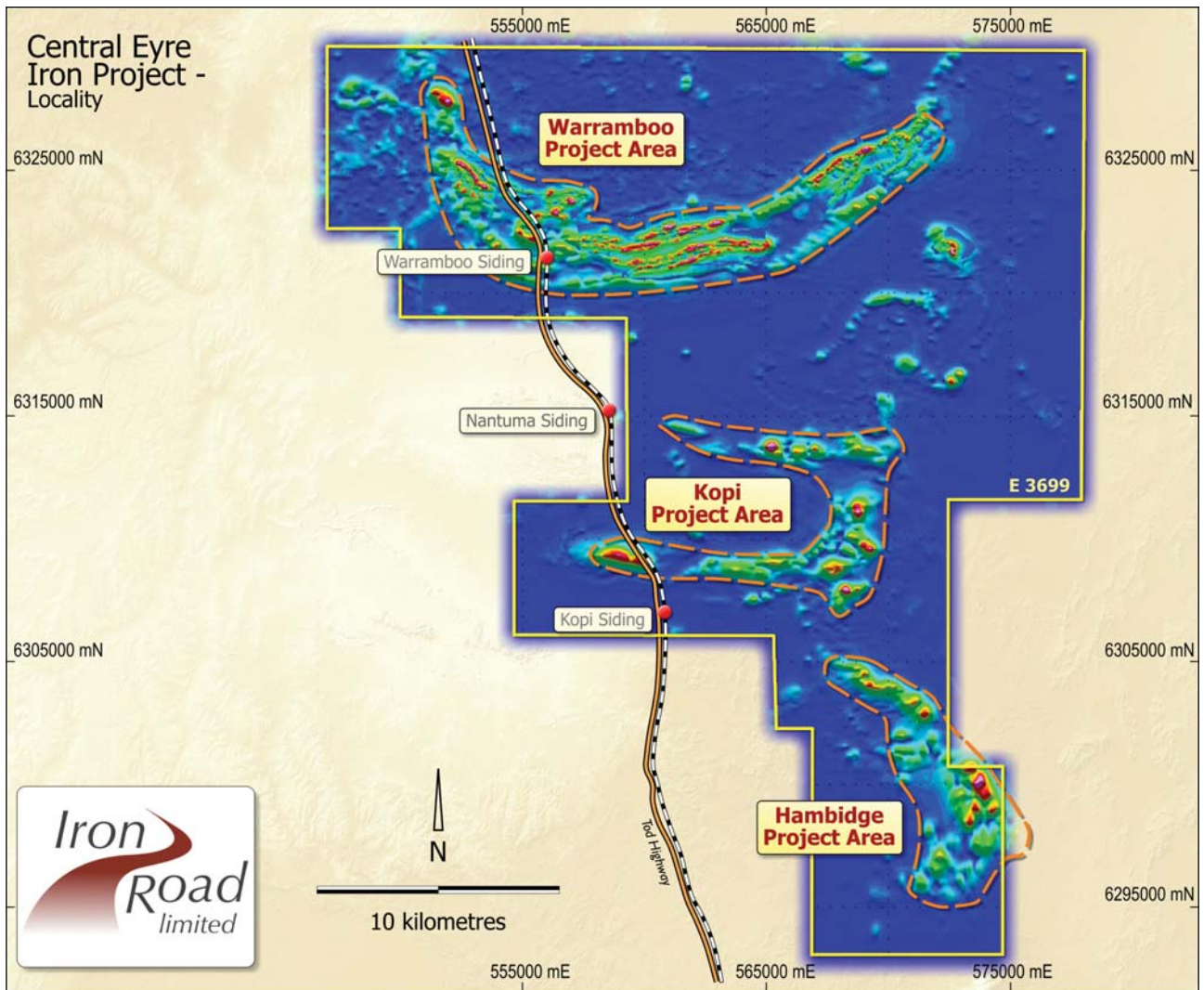
Preliminary Metallurgical Testwork

ProMet Engineers was engaged by Iron Road to comprehensively investigate the metallurgical characteristics of the Warrambo mineralisation and recommend an initial process design for the Central Eyre Iron Project. The study confirmed viable process options for the project, using simple off the shelf processing technology, consisting of an autogenous primary grind followed by fine grinding alternatives.



Stage IV drilling at Ben's Hill

REVIEW OF OPERATIONS



Central Eyre Iron Project tenement plan

Prefeasibility Study

Iron Road announced the commencement of the prefeasibility study (PFS) in March 2010 with the award of the metallurgical components to Mineral Engineering Technical Services Pty Ltd (METS). Companies now involved in the PFS include:

- Evans & Peck for project implementation plan, scheduling, personnel, risk & opportunity management;
- Coffey Mining for geology, geotechnical and mining;
- Mineral Engineering Technical Services (METS) for beneficiation plant, mine site infrastructure, mine to port concentrate transport and power supply by Mineral Engineering Technical Services (METS);
- Sinclair Knight Metz (SKM) for port options and ground water;
- Powranna Consulting for power supply and connections strategy;
- Community Engagement Group Australia (CEGA) for community engagement and access;
- Aldam Geoscience for approvals pathway; and
- Various other groups for marketing, environmental and financial analysis.

The PFS is running in parallel with the aggressive Stage V drilling campaign, significantly accelerating progress and is on schedule for completion in the first Quarter of 2011.

REVIEW OF OPERATIONS

PFS Metallurgical Testwork

Iron Road engaged Mineral Engineering Technical Services (METS) to comprehensively investigate the metallurgical characteristics of the Warrambo mineralisation as a major component of the prefeasibility study (PFS) at the CEIP. Initial results from the PFS metallurgical test work program indicate the viability of coarser grind sizes to produce high quality concentrate. This has significant implications for process design with a potential reduction in power consumption. The test work also indicates the viability of the oxide component of the orebody with oxidised iron samples upgradable by both gravity and magnetic separation methods.

Test work confirms that a high grade blast furnace quality concentrate (average 68.5% iron) may be produced at a coarse grind of $-125\mu\text{m}$. At this grind the silica content is low, averaging 2.4%. Average iron recovery is 79.8% and the mass recovery recorded is 24.9%. At a finer grind size, in the order of $50\mu\text{m}$, direct reduction (DR) grade magnetite concentrate may be produced from all samples.

A wet high intensity magnetic separation (WHIMS) test work programme, conducted at four grind sizes of -500 , -212 , -106 and $-75\mu\text{m}$ indicated that except for the -500 micron samples, all samples were amenable to upgrading by magnetic separation. Concentrates meet the specification of a saleable hematite concentrate (iron grade $\sim 60\%$ and $\text{SiO}_2 < 5\%$). Increasing the magnetic strength improved the mass and iron recoveries.

Other test work includes dry low intensity magnetic separation (LIMS) that has returned excellent results. This test work indicates that coarse cobbling within the process stream may allow for significant rejection of waste at the crushing stage, prior to energy intensive fine grinding. The impact is a decrease in volume of material for further processing with an associated increase in head grade.

With consideration of the test work, various crushing and grinding circuit designs are under consideration with an emphasis on low operating costs.



Logging core at the CEIP



Field mapping at the GIP

REVIEW OF OPERATIONS

Gawler Iron Project (Iron Road earning 90%)

The Gawler Iron Project (GIP) is located 25 kilometres north of the Trans Australian Railway and within 100 kilometres of the Central Australia Railway in South Australia. Iron Road has a farm-in agreement with tenement holder Dominion Gold Operations to earn up to 90% interest in the iron ore rights.

Dr Fop Vanderhor joined the Company as Project Manager with specific responsibility for advancing exploratory work at the GIP. Dr Vanderhor is a geologist with extensive experience in the resources sector, with over 25 years of exploration and consulting experience.

Geophysical Programme

Field sampling was undertaken during July 2009 from ten separate locations. Samples were taken from in-situ iron formation as rock chips wherever possible. Of a total of 252 samples, 192 or 76% were sourced from in-situ outcrop. All samples were XRF assayed for the standard iron ore suite, with selected samples to be composited for Davis Tube Recovery (DTR) test work.

The average of all samples returned a grade of 53.4% iron. Several in-situ chip samples returned grades of >60% iron with low silica, alumina and phosphorous indicating potential suitability for direct shipping ore (DSO).

The rock chip programme was followed up in September 2009 with a detailed aeromagnetic survey. The airborne programme involved a fixed-wing aircraft flying 50 metre spaced traverses at 35 metre nominal height for a total of 5,320 line kilometres. Gravity data, totalling 6,368 new stations, was collected on a semi-regional 400x50 metre grid, closing down to 200x25 metres over the interpreted extent of iron formations. The high-resolution geophysical data delineated several iron ore targets for drill testing.



Drilling at the GIP



Traditional owners visit the GIP

REVIEW OF OPERATIONS

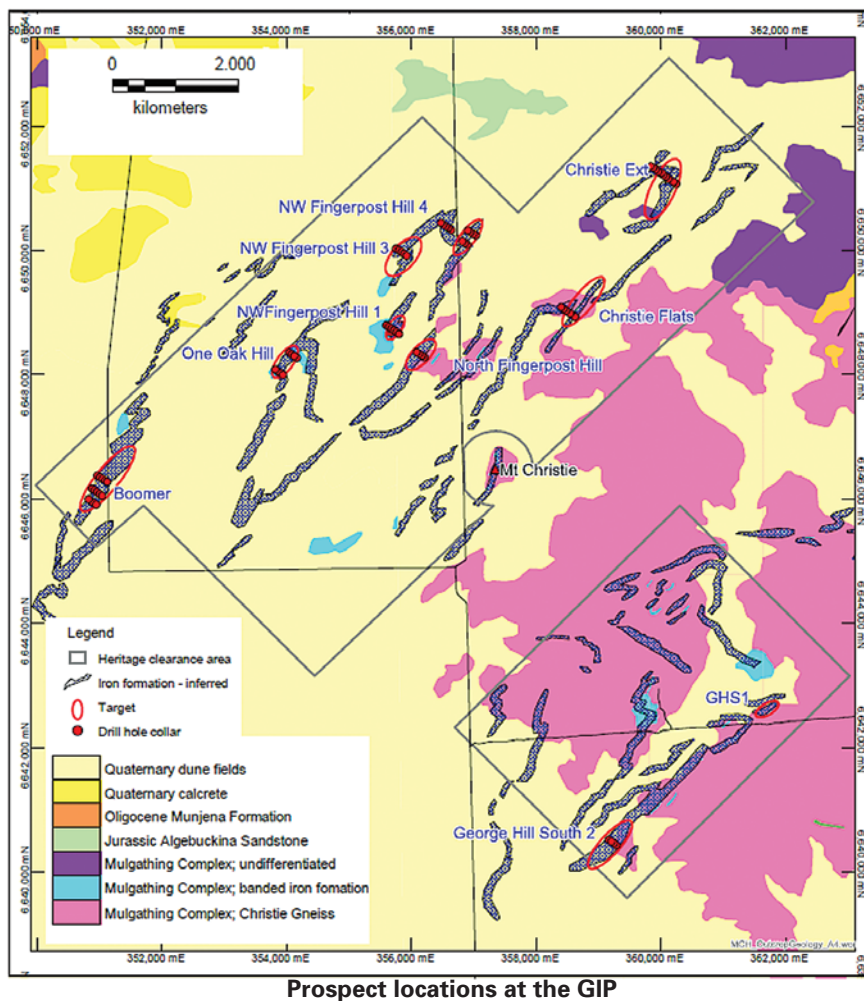
Stage I Drilling Programme

The Stage I drilling programme was conducted from March to May 2010. The programme, comprising 71 RC drill holes over nine target areas revealed hematite and magnetite rich gneiss. The Gawler area has until now not been systematically explored for iron ore despite reconnaissance drilling of surface outcrops by the South Australian government in the 1960's identifying several BIF-hosted iron deposits.

The results of Stage I have been very encouraging, with magnetite-gneiss capped by 10 to 55 metre thick zones of oxidized hematite-rich material encountered at all target areas. The interpreted true thickness of individual magnetite gneiss units is typically in the range 10 to 60 metres, though significantly wider zones are present in areas with structural thickening due to folding and faulting. This is particularly evident at the Northwest Fingerpost Hill 1 and Boomer Targets that appear to be the most prospective targets tested.

Northwest Fingerpost Hill 1 is situated in a large-scale antiform which forms a distinct hill with some of the best outcrops of small-scale second-order folding in the project area. It contains significant near-surface hematite-rich mineralisation which extends over a 250m wide zone to a depth of 55m and occurs as a cap on folded magnetite gneiss. Notable intersections include 61m @ 43.5% Fe, 60m @ 43.4% Fe, 57m @ 39.6% Fe, 39m @ 42.5% Fe.

Boomer is situated below 25 metres of Cainozoic cover. The magnetite mineralisation has a thin cap of hematite-rich mineralisation and occurs within a 110 metre wide zone of steeply dipping and folded/faulted magnetite gneiss. The magnetite gneiss has been traced along strike for at least 500 metres and is open at depth. Notable intersections include 17m @ 40.6 % Fe, 20m @ 39.0 % Fe, 42m @ 40.8 % Fe, 31m @ 42.6 % Fe.



REVIEW OF OPERATIONS

A total of eighty two samples of magnetite gneiss from four drill holes were selected for a pilot metallurgical study of the beneficiation characteristics. Metallurgical testing comprised Davis Tube Recovery (DTR) test work of 4 metre composites at a coarse grind size of 75 microns.

The results of the initial study suggest excellent beneficiation characteristics of the magnetite. Average iron content of magnetite concentrates is in the range 69-70% iron with 1.1-2.0% SiO₂, 0.6-1.4% Al₂O₃ and 0.00% P. Most concentrates meet DR grade specifications and all meet or exceed high grade blast furnace requirements.

Target	Drill hole	Results of DTR composites					
		Interval (m)	Mass Recovery	Fe Rec. %	Conc. % Fe	Conc. % SiO ₂	Conc. % Al ₂ O ₃
Boomer	GWL020	41-161	30.1	76.1	69.9	1.3	0.9
Boomer	GWL023	43-107 116-138	33.7	76.0	69.7	1.4	1.0
NW Fingerpost Hill 1	GWL032	68-104	27.2	77.7	68.8	2.0	1.4
George Hill South 2	GWL070	40-83	23.5	71.9	70.0	1.1	0.6
Average			28.6	75.4	69.6	1.5	1.0

Stage I drilling clearly demonstrates the important correlation between geophysics and the distribution of iron formation. The general trace of magnetic units is apparent in the aeromagnetic data and the near-surface locations of significant bodies of iron formation invariably coincide with gravity highs.

Planning for the Stage II drilling programme is underway whilst metallurgical testwork is being conducted on Stage I samples.

The South Australian Government awarded Iron Road a grant for diamond drilling at the Gawler Iron Project. Funding to the level of A\$60,000 has been approved as part of the South Australian Government's Plan for Accelerating Exploration (PACE) initiative under Theme 2 – Drilling Collaboration between PIRSA and Industry. Only 23 projects from 63 proposals were successful.

This contribution towards the cost of Stage II drilling is considered an important endorsement of Iron Road's exploration effort in the underexplored north-western area of the Gawler Craton.

A heritage survey was undertaken in the vicinity of the target areas prior to drilling with the Antakarinja Matu-Yankunytjatjara native title claimants. Moreover, several Antakarinja Matu-Yankunytjatjara native title claimants took part in a successful inspection and information visit to site during the drilling programme. This forms part of an ongoing monitoring programme of drilling operations at Gawler.

REVIEW OF OPERATIONS

Windarling Iron Project

(Iron Road 100% of ELs and option to purchase PLs)

The Windarling Peak Project is located approximately 85 kilometres to the north of Koolyanobbing, Western Australia. The tenure consists of three granted exploration licenses and four prospecting licenses.

Importantly, the project has infrastructure already in place due to existing mining operations with rail located at Koolyanobbing (to Esperance deep water port) and existing roads to each tenement.

The Company entered into an agreement with Convergent Minerals Limited (CVG) in September whereby CVG may earn up to a 75% interest in the project by meeting certain expenditure and management criteria. Activities focused on locating near surface high grade haematite similar to that mined nearby are expected to commence in October 2010.

Corporate

Iron Road successfully completed an institutional placement at A\$0.30 per share to raise \$2.46 million before costs in August 2009. A subsequent placement raised \$6.1M before costs at a price of A\$0.64 per share in March 2010. The Company welcomed new North American institutional investors to the register and the largest shareholder, The Sentient Group, continued to demonstrate its support by subscribing to both placements and in the process increased its holding to 25%.

The funds raised will primarily be used to complete the Company's exploration programmes and CEIP PFS this year. The Company also has on issue approximately 26 million listed options, expiring on 30 September 2010 with an exercise price of A\$0.20. These options were issued shortly after Iron Road's original IPO and listing on the ASX. It is expected that the majority of these options will be exercised over the coming two quarters, potentially raising a further A\$5 million.

Iron Road has appointed Mr Milo Res as Geology Manager to direct all aspects of the geology function, with particular emphasis on the CEIP. Mr Res is a geologist, with approximately 30 years mining industry experience in Australia and Africa.

Community Consultation

Being involved in the community is a fundamental part of doing business. The Company believes that it has a responsibility to understand the communities in which it operates and our commitment to this philosophy is reflected in well managed business development plans, sponsorship of various community events and the formal acceptance of the SA Resources Industry Code of Conduct for Stakeholder and Community Engagement.

The Code is a flexible set of guidelines adopted and promoted by the SA Chamber of Mines and Energy and the South Australian Government as a means to assist companies in ensuring that all stakeholders are kept informed with reference to projects and have input into the Company's decision making processes.

Community and Stakeholder Engagement Plan

As a further commitment to effective community relations, the Company has also contracted Community Engagement Group Australia (CEGA), an independent, specialised community relations company, to prepare a formal Community and Stakeholder Engagement Plan for the CEIP. This will assist the Company to maintain and improve its relationships with all affected stakeholders.

CEGA will support the Company throughout this process to ensure that stakeholders are consistently and regularly updated on progress, that there is an accessible forum for anyone to make comment or seek clarification.

REVIEW OF OPERATIONS



Presenting a bowling machine to the Wadikee-Warramboe Cricket Club



Iron Road was a major sponsor of the regional shearing competition

REVIEW OF OPERATIONS

Iron Road sponsors a number of locally significant events, sporting bodies and community organisations. Support to the local community this year included new practice equipment for the Warramboos cricket club, major sponsorship of the Eyre Peninsula 20Twenty, major sponsorship of the Wudinna shearing competition and sponsorship to numerous local sporting clubs.

Eyre Peninsula Mining Alliance (EPMA)

The Company joined the EPMA as a founding member, along with three other resource companies active on the Eyre Peninsula. The EPMA is committed to collaborating towards two very clear objectives.

First, members will use their resources to work closely with all levels of Government to promote the development of suitable infrastructure so that the full potential of mining as a major new industry throughout the region can be achieved. This benefits all people on the Eyre Peninsula by providing jobs, raising income levels, raising the economy and improving services.

The second objective is to responsibly promote minerals development in the region by engaging all communities and stakeholders, so that all may benefit from the potential that mining in the region will bring, most notably the creation of both direct and indirect long-term employment.

Competent Person's Statements

The information in this report that relates to Exploration Results is based on and accurately reflects information compiled by Mr Larry Ingle, who is a fulltime employee of Iron Road Limited and a Member of the Australasian Institute of Mining and Metallurgy. Mr Ingle has sufficient experience relevant to the style of mineralisation and the 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, Mineral Resources and Ore Reserves. Mr Ingle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Preparations at Murphy South



Bagging drill collar samples

REVIEW OF OPERATIONS

The information in this report that relates to Mineral Resources is based on and accurately reflects information compiled by Mr Iain Macfarlane, Coffey Mining, who is a consultant and advisor to Iron Road Limited and a Member of the Australasian Institute of Mining and Metallurgy. Mr Macfarlane has sufficient experience relevant to the style of mineralisation and the 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, Mineral Resources and Ore Reserves. Mr Macfarlane consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to exploration targets is based on and accurately reflects information compiled by Mr Albert Thamm, Coffey Mining, who is a consultant and advisor to Iron Road Limited and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Thamm has sufficient experience relevant to the style of mineralisation and the 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, Mineral Resources and Ore Reserves". Mr Thamm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears on 31 August, 2009 in West Perth. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo prospect.



Drilling



Rehabilitation

DIRECTORS' REPORT

Your directors submit their report on Iron Road Limited for the financial year ended 30 June 2010.

DIRECTORS and MANAGEMENT

The names and details of the company's directors in office during the financial year and until the date of this report are as follows:



Julian Gosse
Chairman

Mr Gosse has extensive experience in banking and broking both in Australia and overseas. He has previously worked in London for Rowe & Pitman, in the United States for Janney Montgomery & Scott and in Canada for Wood Gundy. He has also been involved in the establishment, operation and ownership of several small businesses.

Mr Gosse is currently Chairman of ITL Limited and a Director of Wilson Investment Fund Limited, Clime Capital Limited and the Australian Leaders Fund.



Ian Hume
Director

Mr Ian Hume's career in the resources industry stretches back several decades, primarily in the fields of managed fund investments, capital raising and project development. Mr Hume was a Founding Partner of The Sentient Group, a manager of closed end private equity funds specialising in global investments in the natural resource industries.

He remains an independent advisor to The Sentient Group, following his retirement from the fund in 2009. Prior to the founding of The Sentient Group, Mr Hume was a consultant to AMP's Private Capital Division. He currently sits on the board of Andean Resources and Norsemont Mining, which are listed in Australia and Canada respectively.



Matthew J Keegan
Director

Mr Keegan gained extensive experience as a mine geologist working for companies such as Rio Tinto and Barrick across a range of commodities including iron ore, nickel, and gold. Mr Keegan is currently an Investment Advisor at The Sentient Group.

Prior to joining Sentient, Mr Keegan worked as a mining analyst with a major research house, culminating in the publication of several mining industry cost studies.



Andrew J Stocks
Managing Director

Mr Stocks is a Mining Engineer with over twenty years experience in the resources sector, primarily in mining operations and corporate roles. He has been particularly active in the areas of business optimisation, cost and production efficiency improvements, project evaluation and development of mining projects in Australia and overseas.

Mr Stocks was previously Managing Director and Chief Executive Officer of Siberia Mining Corporation until its merger with Monarch Gold. Prior to Siberia, he was Vice President, Operations of Crew Gold Corporation, a London based mining and exploration company.

DIRECTORS' REPORT



Graham D Anderson
Company Secretary

Mr Anderson is a graduate of Curtin University and has over 20 years' commercial experience as a Chartered Accountant. He operates his own specialist accounting and management consultancy practice, providing a range of corporate advisory services to both public and private companies. From 1990 to 1997 he was an audit partner at Duesburys and from 1997 to 1999 he was an audit partner at Horwath Perth.

He is currently Director and Company Secretary of APA Financial Services Limited, Echo Resources Limited, Pegasus Metals Limited and Dynasty Metals Australia Limited.



Larry J Ingle
General Manager

Mr Ingle is a geologist, having graduated with a BSc (Hons) and MSc in geology from the University of Witwatersrand, Johannesburg, and a MBA from the Graduate School of Business, Curtin University of Technology, Perth. Mr Ingle has approximately 22 years experience in a variety of mining operations, exploration, project development and business improvement roles in Australia and Africa.

His strong expertise in geology and experience in project development is of immense value to Iron Road, particularly as the Company investigates its Warramboe project in South Australia.



Milo Res
Geology Manager

Mr Res is a geologist, with approximately 30 years mining industry experience in Australia and Africa. He graduated with a BSc (Hons) Geology degree from University of Pretoria and MSc Geology degree from Potchefstroom University in South Africa.

During his career Mr Res has been involved in wide range of mining and exploration activities including gold, nickel and iron ore. He was a key member of the Fortescue Metals Group Ltd team developing the Cloudbreak iron ore mining project in the Pilbara and more recently actively participated in the Jack Hills magnetite/hematite mining and development project for Crosslands Resources in mid-west region of Western Australia.



Fop Vanderhor
Project Manager

Dr Fop Vanderhor is a geologist with over 25 years of exploration and consulting experience. After completion of a postgraduate degree at James Cook University of North Queensland, he worked at the University of Western Australia before joining Rio Tinto Exploration as a structural specialist.

Dr Vanderhor started his own Perth based geological consultancy (Davis & Vanderhor Geological Consultants Pty Ltd) in 1998, working throughout Australia and overseas on a variety of commodities. Fop joined UMC as Exploration Manager in 2007 and led the geological team that discovered the United Minerals Corporation (UMC) Railway Iron Ore Deposit in the Pilbara Region of Western Australia.



Laura Johnson
Land Manager

Ms Johnston is a former Mining Registrar and Principal Adviser within the Minerals and Energy Resources Division, PIRSA, in Adelaide. Ms Johnston has over 20 years experience in advising stakeholders on legislative and policy requirements for exploration and mining activities in South Australia including land access, native title and Aboriginal heritage issues.

A consultant for the past three years, Ms Johnston also brings to the Company extensive knowledge and experience in tenement management and community engagement.

DIRECTORS' REPORT

1. PRINCIPAL ACTIVITY

The principal activity of the Company during the year was the exploration and evaluation of the Company's iron ore ground holdings.

2. INTERESTS IN SHARES AND OPTIONS

As at the date of this report, the interests of the directors in the shares and options of Iron Road Limited were:

	Ordinary shares	Options over Ordinary Shares
Julian Gosse	1,600,000	3,238,703
Ian Hume	1,750,000	3,401,203
Matthew J Keegan	1,600,000	4,658,000
Andrew J Stocks	2,310,625	10,575,313

3. DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

4. OPERATING AND FINANCIAL REVIEW

Operating Results for the Period

The operating loss after income tax of the Company for the period ended 30 June 2010 was \$11,299,132 (2009: \$4,604,591)

Shareholder Returns

	2010	2009
Basic and diluted loss per share (cents)	17.4	17.0

Risk Management

The board is responsible for ensuring that risks and also opportunities are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

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 the following:

- Strategic planning, which encompasses strategy statements designed to meet stakeholders needs and manage business risk; and
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Apart from the above or as noted elsewhere in this report no significant changes in the state of affairs of the Company occurred during the financial period.

6. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

7. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

8. ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are subject to environmental regulation in respect to its mineral tenements relating to exploration activities on those tenements. No breaches of any environmental restrictions were recorded during the financial year. The company has not yet fully reviewed the reporting requirements under the Energy Efficient Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007, but believes it has adequate systems in place to ensure compliance with these Acts having regard to the scale and nature of current operations.

9. REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

The information provided in this remuneration report has been audited as required under Section 308 (3C) of the Corporations Act 2001.

A Principles used to determine the nature and amount of remuneration (audited)

Remuneration Policy

The remuneration policy of Iron Road Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Company's financial results. The board of Iron Road Limited believes the remuneration policy is appropriate and effective in its ability to attract and retain high calibre executives and directors to run and manage the Company.

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

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

DIRECTORS' REPORT

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and other senior 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, may choose to sacrifice part of their salary to increase payments towards superannuation.

The board policy is to remunerate non executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non executive directors is currently \$200,000 which was approved through a General Meeting held on 22 January 2008. Fees for non executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in employee option plans.

Performance based remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to executives to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options at year end, refer note 15 to the financial statements. No market based performance remuneration has been paid in the current year.

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and directors and executives' performance. Currently, this is facilitated through the issue of options to executives to encourage the alignment of personal and shareholder interests. No market based performance remuneration has been paid in the current year.

B Details of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Iron Road Limited are set out in the following table.

The key management personnel of Iron Road Limited include the directors and company secretary and the following executive officer who has authority and responsibility for planning, directing and controlling the activities of the Company:

- Larry Ingle – General Manager

Given the size and nature of operations of Iron Road Limited there are no other specified executives who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

DIRECTORS' REPORT

Key management personnel and other executives of Iron Road Limited

	Short-Term Salary & Fees \$	Post Employment Superannuation \$	Share-based Payments Options \$	Remuneration consisting options %	Total \$
Directors					
Julian Gosse (appointed 27 February 2009)					
2010	50,000	-	1,216,438 ⁽¹⁾	96.71%	1,266,438
2009	12,500	-	-	-	12,500
Ian Hume (appointed 27 February 2009)					
2010	66,667 ⁽²⁾	5,925	1,216,438 ⁽¹⁾	94.37%	1,289,030
2009	-	-	-	-	-
Matthew Keegan ⁽³⁾					
2010	-	-	99,196	100.00%	99,196
2009	23,333	2,100	104,341	80.40%	129,774
Andrew Stocks					
2010	250,000	22,500	214,154	44.00%	486,654
2009	250,000	22,500	252,262	48.07%	524,762
Company Secretary					
Graham Anderson					
2010	54,000	-	39,240	42.08%	93,240
2009	54,000	-	41,276	33.35%	95,276
Other key management personnel					
Larry Ingle					
2010	250,000	22,500	265,215	49.32%	537,716
2009	250,000	22,500	181,455	39.97%	453,955
Total key management personnel compensation					
2010	670,667	50,925	3,050,681	80.87%	3,772,273
2009	589,833	47,100	579,334	46.54%	1,216,267

⁽¹⁾ The Board resolved to issue the options to Ian Hume and Julian Gosse on 7 April 2009. The Black-Scholes valuation of the total number of options at this date was \$257,875. These options were later ratified at the Company's shareholder meeting held on 25 November 2009.

⁽²⁾ This includes payments for remuneration not received in 2009.

⁽³⁾ It was deemed at year end 30 June 2009 that no fee is payable to Matthew Keegan during his appointment as a Director of Iron Road Limited.

There are no cash bonuses or non-monetary benefits relating to any of the Directors and Key Management Personnel during the year.

DIRECTORS' REPORT

D Share-based compensation (compensation)

	Grant Date	Granted Number	Number of options vested during the period	Expiry Date	Exercise Price (cents)	Fair value per option at grant date (cents)*	Exercised Number	Maximum total value of grant yet to vest
Julian Gosse	25/11/09	625,000	-	15/12/14	\$0.20	50.27	-	-
	25/11/09	625,000	-	15/12/14	\$0.25	49.12	-	-
	25/11/09	625,000	-	15/12/14	\$0.30	48.09	-	-
	25/11/09	625,000	-	15/12/14	\$0.35	47.15	-	-
Ian Hume	25/11/09	625,000	-	15/12/14	\$0.20	50.27	-	-
	25/11/09	625,000	-	15/12/14	\$0.25	49.12	-	-
	25/11/09	625,000	-	15/12/14	\$0.30	48.09	-	-
	25/11/09	625,000	-	15/12/14	\$0.35	47.15	-	-
Andrew J Stocks	23/01/08	6,000,000	3,000,000 ⁽¹⁾	23/01/13	\$0.35	6.10	-	25,667
	23/01/08	3,420,000	3,420,000	23/01/13	\$0.20	6.90	-	-
Matthew Keegan	23/01/08	2,280,000	2,280,000	23/01/13	\$0.20	6.92	-	-
	23/01/08	1,500,000	1,500,000	23/01/13	\$0.35	6.10	-	-
Larry Ingle	05/08/08	3,000,000	2,000,000 ⁽²⁾	06/08/13	\$0.35	14.90	-	-

*The value at grant date in accordance with AASB 2 Share-based Payments of options granted as part of remuneration.

The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

DIRECTORS' REPORT

C Service agreements

The details of service agreements of the key management personnel of Iron Road Limited are as follows:

Julian Gosse, Chairman

- Initial chairman's fee of \$50,000 per annum to be reviewed annually by the Remuneration Committee of the Board. No termination benefits are payable.
- Initial term of 3 years.

Ian Hume, Non-Executive Director

- Initial director's fee of \$50,000 per annum plus statutory superannuation, to be reviewed annually by the Remuneration Committee of the Board. No termination benefits are payable.
- Initial term of 3 years.

Matthew Keegan, Non-Executive Director

- Initial director's fee of \$50,000 per annum plus statutory superannuation, to be reviewed annually by the Remuneration Committee of the Board. No termination benefits are payable. Fee waived by Mr Keegan.
- Initial term of 3 years.

Graham D Anderson, Company Secretary

- GDA Corporate Pty Ltd to provide Company Secretary and Accounting Services at \$4,500 per month and \$3,000 per month respectively.
- No fixed term agreement. A three months notice is required in the event of termination.

Andrew J Stocks, Managing Director

- Annual base salary of \$250,000, plus statutory superannuation, to be reviewed annually by the Remuneration Committee of the Board.
- No fixed term agreement. Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes any accrued long service leave and annual entitlements, superannuation, retiring allowance, superannuation gratuity to the value of which does not exceed the maximum amount ascertained in accordance with the formula set out in section 200G of the Corporations Act 2001.

Larry Ingle, General Manager – appointed 1 July 2009

- Annual base salary of \$250,000, plus statutory superannuation, to be reviewed annually by the Remuneration Committee of the Board.
- No fixed term agreement. Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes any accrued long service leave and annual entitlements, superannuation, retiring allowance, superannuation gratuity to the value of which does not exceed the maximum amount ascertained in accordance with the formula set out in section 200G of the Corporations Act 2001.

D Share-based compensation

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Iron Road Limited to increase goal congruence between executives, directors and shareholders. The options on the following page were granted to or vested with key management personnel during the period:

DIRECTORS' REPORT

⁽¹⁾ During the year ended 30 June 2010, 3,000,000 options vested due to tranches 2 and 3 of the vesting conditions being met:

Tranche	Amount	Vesting Conditions
1	1,500,000	Admission to the official list of the ASX
2	1,500,000	The Company's share price remaining at or above 50 cents per share for 30 consecutive days
3	1,500,000	The Company publishing a JORC compliant Resource of at least 100M tonnes
4	1,500,000	Upon completion of a definitive feasibility study

The total number of options vested as at 30 June 2010 is 4,500,000.

⁽²⁾ During the year ended 30 June 2010, 2,000,000 options vested due to tranches 2 and 3 of the vesting conditions being met:

Tranche	Amount	Vesting Conditions
1	1,000,000	Publication of a JORC compliant resource of at least 50 million tonnes of iron ore
2	1,000,000	Publication of a JORC compliant resource of at least 100 million tonnes of iron ore
3	1,000,000	12 months after issue and the Company's share price remaining at, or above, 50 cents per share for 30 consecutive days

The total number of options vested as at 30 June 2010 is 3,000,000.

The total fair value of options issued to each Director or Executive during the year ended 30 June 2010 is as follows:

Director or Executive	Total fair value of options issued \$
Julian Gosse	1,216,438
Ian Hume	1,216,438
Andrew J Stocks	214,154
Matthew Keegan	99,196
Larry Ingle	265,215
	3,011,441

E Additional information

No market based performance bonuses have been paid to key management personnel during the financial period.

The table below sets out information about the Company's earnings and movements in shareholder wealth of the periods since listing:

	30 June 2010 \$	30 June 2009 \$
Revenue	95,402	199,355
Net Profit /(Loss) before tax	(11,299,132)	(4,604,591)
Share price at year-end	0.590	0.175

This is the end of the audited remuneration report.

DIRECTORS' REPORT

10. DIRECTORS' MEETINGS

During the period the company held three meetings of directors. The attendance of directors at meetings of the board was:

	Directors' Meetings	
	A	B
Julian Gosse	3	3
Ian Hume	3	3
Matthew Keegan	3	3
Andrew Stocks	3	3

Notes

A - Number of meetings attended

B - Number of meetings held during the time the director held office during the period

11. SHARES UNDER OPTION

At the date of this report there are 25,599,132 listed options and 24,625,000 unlisted options outstanding.

	Number of options
Balance at the beginning of the year	46,950,017
Movements of share options during the year	
Issued, exercisable at 20 cents, on or before 15 December 2014	1,250,000
Issued, exercisable at 25 cents, on or before 15 December 2014	1,250,000
Issued, exercisable at 30 cents, on or before 15 December 2014	1,250,000
Issued, exercisable at 35 cents, on or before 15 December 2014	1,250,000
Exercise of listed options at 20 cents	(1,725,885)
Total number of options outstanding as at the date of this report	50,224,132

The balance is comprised of the following:

Expiry date	Exercise price (cents)	Number of options
22 Jan 2013	20	7,125,000
22 Jan 2013	35	7,500,000
11 Mar 2013	20	2,000,000
06 Aug 2013	35	3,000,000
15 Dec 2014	20	1,250,000
15 Dec 2014	25	1,250,000
15 Dec 2014	30	1,250,000
15 Dec 2014	35	1,250,000
30 Sep 2010	20	25,599,132
Total number of options outstanding at the date of this report		50,224,132

No shares were issued on conversion of options during the period.

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

DIRECTORS' REPORT

12. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

13. INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums insuring all the directors of Iron Road Limited against costs incurred in defending proceedings for conduct involving:

- a) a wilful breach of duty; or
- b) a contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid is confidential under the terms of the insurance policy. The Company has entered into a Deed of Indemnity, Insurance and Access with each Director. In summary the Deed provides for:

- Access to corporate records for each Director for a period after ceasing to hold office in the Company,
- The provision of Directors and Officers Liability Insurance, and
- Indemnity for legal costs incurred by Directors in carrying out the business affairs of the Company.

14. NON AUDIT SERVICES

Details of the amounts paid or payable to the auditor BDO Audit (WA) Pty Ltd for audit services provided during the year are set out below:

	2010 \$	2009 \$
BDO Audit (WA) Pty Ltd – audit fees	28,771	21,728
Total remuneration	28,771	21,728

Note no non-audit services were provided by BDO Audit (WA) Pty Ltd during the period.

15. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 29.

Signed in accordance with a resolution of the directors, and on behalf of the board by



Andrew Stocks
Managing Director
Perth, 30 September 2010



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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

30 September 2010

The Directors
Iron Road Limited
35 Havelock Street
West Perth WA 6005

Dear Sirs,

**DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE
DIRECTORS OF IRON ROAD LIMITED**

As lead auditor of Iron Road Limited for the year ended 30 June 2010, 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.

Peter Toll
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia
BDO

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity and pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practises depart from the recommendations.

Principle 1 recommendation 1.1

Notification of Departure

The Company has not formally disclosed the functions reserved to the Board and those delegated to management.

Explanation for Departure:

The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management. The Board has established a framework for the management of the Company and the roles and responsibilities of the Board and management.

Previously due to the small size of the Board and of the Company, the Board did not think that it was necessary to formally document the roles of the Board and management as these roles were clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Company and ensuring that shareholder value is increased.

Principle 2 Recommendation 2.1

Notification of Departure:

The Board does not have a majority of independent Directors.

Explanation for Departure:

The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant industry experience and specific expertise relevant to the Company's business and level of operations.

The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non-independent Directors possess the skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by Directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint independent Directors as it deems appropriate.

Principle 2 Recommendation 2.4

Notification of Departure:

The full Board carries out the role of a nomination committee in the Nomination Committee Charter formalised on 14 February 2009. The Board has not adopted a charter relevant to the specific functions of a nomination committee.

Explanation for Departure:

The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee, in particular at this early stage of the Company's operation, where the Company's focus is on the retention of Directors and senior executives.

Principle 4 Recommendation 4.2, 4.3, 4.4

Notification of Departure:

There is no separate Audit Committee.

Explanation for Departure:

The Company's financial statements are prepared by the Company Secretary and reviewed in detail by the full Board. The Board also relies on the functions and capabilities of its external auditors to ensure proper audit of financial statements. The Board considers this process is sufficient to ensure integrity in financial reporting. The audit committee consists of the current full Board. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee, in particular at this early stage of the Company's operation.

Principle 7 Recommendation 7.1

Notification of Departure:

The Company has an informal risk oversight and management policy and internal compliance and control system.

Explanation for Departure:

The Board is aware of the various risks that affect the Company and its particular business and reviews these risks on a regular basis. As the Company develops, the Board will further develop appropriate procedures to deal with risk oversight and management and internal compliance, taking into account the size of the Company and the stage of development of its projects.

Principle 8 Recommendation 8.1

Notification of Departure:

The Company does not have in place a formal process for evaluation of the Board, its committees, individual Directors and key executives.

Explanation for Departure:

Due to the size and structure of the Board a formal evaluation process is not conducted.

The Company operates with only two full time employees. The Company uses consultants for geological and Company secretarial functions and pays market rates for experienced professionals.

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2010	Notes	2010 \$	2009 \$
REVENUE	4	95,402	199,355
General expenses	5	(568,779)	(406,075)
Depreciation		(12,322)	(7,906)
Exploration expenses		(6,896,488)	(2,910,538)
Employee expenses		(592,700)	(524,955)
Superannuation		(56,325)	(52,875)
Consulting		(65,901)	(29,741)
Marketing		(66,589)	(31,815)
Travel and accommodation		(84,749)	(37,372)
Share based payment		(3,050,681)	(802,669)
LOSS BEFORE INCOME TAX		(11,299,132)	(4,604,591)
INCOME TAX BENEFIT / (EXPENSE)	6	-	-
LOSS FOR THE YEAR		(11,299,132)	(4,604,591)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(11,299,132)	(4,604,591)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF IRON ROAD LIMITED	22	(11,299,132)	(4,604,591)
Earnings per share for loss attributable to ordinary equity holders of the company:			
Basic and diluted loss per share (cents per share)		17.46	16.99

The above Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2010	Notes	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	7	3,071,470	1,535,824
Trade and other receivables	8	431,268	139,273
TOTAL CURRENT ASSETS		3,502,738	1,675,097
NON CURRENT ASSETS			
Other assets	9	400	600
Property, plant and equipment	10(a)	39,590	14,854
Capitalised tenement acquisition costs	10(b)	655,225	655,225
TOTAL NON CURRENT ASSETS		695,215	670,679
TOTAL ASSETS		4,197,953	2,345,776
CURRENT LIABILITIES			
Trade and other payables	11	1,739,197	482,602
TOTAL CURRENT LIABILITIES		1,739,197	482,602
TOTAL LIABILITIES		1,739,197	482,602
NET ASSETS		2,458,756	1,863,174
EQUITY			
Issued Capital	12	14,442,340	5,598,307
Reserves	13(a)	4,301,013	1,250,332
Accumulated losses	13(b)	(16,284,597)	(4,985,465)
TOTAL EQUITY		2,458,756	1,863,174

The above Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

	Share Capital Ordinary	Accumulated Losses	Share-based Payments Reserve	Option Issue Reserve	Total Equity
	\$	\$	\$		\$
BALANCE AT 1 JULY 2008	5,403,214	(380,874)	174,413	-	5,196,753
Loss for the year	-	(4,604,591)	-	-	(4,604,591)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(4,604,591)	-	-	(4,604,591)
Contributions to equity net of transactions costs	195,093	-	-	273,250	468,343
Share based payments	-	-	802,669	-	802,669
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	195,093	-	802,669	273,250	1,271,012
BALANCE AT 30 JUNE 2009	5,598,307	(4,985,465)	977,082	273,250	1,863,174

	Share Capital Ordinary	Accumulated Losses	Share-based Payments Reserve	Option Issue Reserve	Total Equity
	\$	\$	\$		\$
BALANCE AT 1 JULY 2009	5,598,307	(4,985,465)	977,082	273,250	1,863,174
Loss for the year	-	(11,299,132)	-	-	(11,299,132)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(11,299,132)	-	-	(11,299,132)
Contributions to equity net of transactions costs	8,844,033	-	-	-	8,844,033
Share based payments	-	-	3,050,681	-	3,050,681
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	8,844,033	-	3,050,681	-	11,894,714
BALANCE AT 30 JUNE 2010	14,442,340	(16,284,597)	4,027,763	273,250	2,458,756

The above Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2010	Notes	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(888,005)	(548,120)
Payments for exploration		(6,186,142)	(3,073,577)
Interest received		87,902	188,265
Other		(285,083)	(114,227)
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	21(a)	(7,271,328)	(3,547,659)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(37,059)	(12,244)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(37,059)	(12,244)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares/options		8,907,123	-
Proceeds from issues of listed options		-	273,250
Payment of share issue costs		(63,090)	(72,206)
NET CASH INFLOW FROM FINANCING ACTIVITIES		8,844,033	201,044
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		1,535,646	(3,358,859)
Cash and cash equivalents at the beginning of the year		1,535,824	4,894,683
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	3,071,470	1,535,824

The above Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial information included in this report have been set out below.

(a) Basis of preparation of historical financial information

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Boards, Australian Accounting Interpretations and the Corporations Act 2001. The Group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. These financial statements have been prepared on a historical cost basis.

Compliance with AIFRS ensures that the financial statements, comprising the notes thereto, comply with International Financial Reporting Standards. Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). These financial statements are presented in Australian Dollars, which is the Company's functional and presentation currency.

(b) Revenue Recognition

Sale of Goods and Services

Revenue from sale of goods or services is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipt over the expected life of the financial asset.

(c) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability 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.

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

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

(d) Impairment of Assets

At each reporting date the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the statement of comprehensive income where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

NOTES TO THE FINANCIAL STATEMENTS

For the purpose of 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. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(e) Cash and Cash Equivalents

"Cash and cash equivalents" includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Company commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Loans and receivables

Non-current loans and receivables include loans due from related parties repayable no earlier than 365 days of statement of financial position date. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating. The discount is credited to the statement of comprehensive income immediately and amortised using the effective interest method. Loans and receivables are carried at amortised costs using the effective interest rate method.

(g) Fair value estimation

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at statement of financial position date. The quoted market price for financial assets is the current bid price and the quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at balance date. The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments.

The fair value of trade receivables and payables is their normal value less estimated credit adjustments due to their short term nature.

(h) Payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently at amortised cost.

(i) Employee Benefits

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of statement of financial position date are recognised in respect of employees' services rendered up statement of financial position date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of Other

NOTES TO THE FINANCIAL STATEMENTS

Payables and liabilities for annual and sick leave are included as part of Employee Benefits Provisions.

Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the statement of financial position date using the projected future projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at statement of financial position date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement Benefit Obligations

The Company has a defined contribution superannuation fund. Contributions are recognised as expenses as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(j) Exploration and evaluation expenditure

Exploration and evaluation expenditure encompasses expenditures incurred by the Company in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation expenditure incurred by the Company is accumulated for each area of interest and recorded as an asset if:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (1) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
 - (2) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. Exploration and evaluation incurred by the Company subsequent to acquisition of the rights to explore is expensed as incurred.

A provision for unsuccessful exploration and evaluation is created against each area of interest by means of a charge to the statement of comprehensive income.

The recoverable amount of each area of interest is determined on a bi-annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount. For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged to profit and loss.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(k) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of



NOTES TO THE FINANCIAL STATEMENTS

acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

(n) Provisions

Provisions for legal claims are recognised when the Group has a legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(o) Share based payments

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

The fair value of options is recognised as an expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the holder becomes unconditionally entitled to the options. Fair value is determined by an independent valuer using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Iron Road ("market conditions").

The cumulative expense recognised between grant date and vesting date is adjusted to reflect the director's best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because a market condition was not met.

NOTES TO THE FINANCIAL STATEMENTS

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the statement of comprehensive income. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

(p) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on the straight line basis to write off the net cost of each item over its expected useful life. Depreciation rate for computer equipment is 33%. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

As 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 (note 1(d)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount/. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(q) Earnings per Share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing the operating loss after income tax by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of partly paid shares or options outstanding during the financial year.

(r) Segment Reporting

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which has been identified by the Group as the Managing Director and other members of the Board of Directors. The Company adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. This new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

(s) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease).

NOTES TO THE FINANCIAL STATEMENTS

(t) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

New / revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Impact of new standard on the financial report	Likely impact
Accounting Standards AASB 9 Financial Instruments AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	AASB 139 Financial Instruments: Recognition and Measurement (part)	AASB 9 introduces new requirements for the classification and measurement of financial assets. AASB 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in AASB 139 and removes the impairment requirement for financial assets held at fair value.	31 December 2013	AASB 9 amends the classification and measurement of financial assets; the effect on the entity will be that more assets are held at fair value and the need for impairment testing has been limited to assets held at amortised cost only.	Unlikely to have significant impact.
AASB 124 Related Party Disclosures AASB 2009-12 Amendments to Australian Accounting Standards arising from AASB 124.	AASB 124 Related Party Disclosures	This revision amends the disclosure requirements for government related entities and the definition of a related party.	31 December 2011	Since the entity is not a government related entity; there is not expected to be any changes arising from this standard.	Unlikely to have significant impact in Australia.
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	N/a	Makes various amendments to a number of standards and interpretations in line with the IASB annual improvements project.	31 December 2010	Unlikely to have significant impact on the financial report.	Unlikely to have significant impact.
AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters	AASB 1 First Time adoption of Australian Equivalents to International Financial Reporting Standards (June 2007)	AASB 2009-9 makes amendments to ensure that entities applying Australian Accounting Standards for the first time will not face undue cost or effort in the transition process in particular situations.	31 December 2010	As this is not the first year of adoption of IFRSs, these amendments will not have any impact on the entity's financial report	No impact for entities who are applying IFRS.
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	AASB 132 Financial Instruments: Presentation	AASB 2009-10 makes amendments which clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its non-derivative equity instruments.	31 January 2011	As the entity does not have any rights, options or warrants to acquire their own equity instruments, these amendments will not have any impact on the entity's financial report.	Potentially significant if rights issues have been offered and denominated in foreign currency.
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	AASB 132 Financial Instruments: Presentation	AASB 2009-10 makes amendments which clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its non-derivative equity instruments.	31 January 2011	As the entity does not have any rights, options or warrants to acquire their own equity instruments, these amendments will not have any impact on the entity's financial report.	Potentially significant if rights issues have been offered and denominated in foreign currency.
AASB 2009-13 Amendments to AASB 1 arising from Interpretation 19	Interpretation 19	This standard amends AASB 1 to allow a first-time adopter to use the transitional provisions in Interpretation 19.	30 June 2011	As the entity is not a first-time adopter of IFRS, this standard will not have any impact.	Unlikely to have significant impact.
AASB 2010-01 Limited exemption from comparative AASB 7 disclosures for first time adopters (Amendments to AASB 1 and AASB 7)	AASB 1: First-time adoption of Australian Accounting Standards AASB 7 Financial Instruments: Disclosures	These amendments principally give effect to extending the transition provisions of AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments to first-time adopters of Australian Accounting Standards.	30 June 2011	As the entity is not a first-time adopter of IFRS, this standard will not have any impact.	Reduced disclosures for first-time adopters.

NOTES TO THE FINANCIAL STATEMENTS

New / revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Impact of new standard on the financial report	Likely impact
IFRS Annual Improvements 2010 (May 2010)	Various	Makes various amendments to a number of standards and interpretations.	Application dates either 30 June 2011 or 31 December 2011.	Unlikely to have significant impact on the financial report.	Varies depending on relevance; however impact is unlikely to be significant.
Australian Accounting Interpretations Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	N/A	This interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. These transactions are sometimes referred to as 'debt for equity swaps'.	30 June 2011	As the entity has not renegotiated any financial liabilities into equity instruments this interpretation is not expected to have any impact on the entity's financial report.	Significant if the entity has renegotiated any financial liabilities to equity instruments.
AASB 2009-14 Prepayments of a Minimum Funding Requirement (Amendments to Interpretation 14)	N/A	This amendment to Interpretation 14 addresses the unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan.	31 December 2011	As the entity does not have a defined benefit pension plan this amendment to Interpretation 14 is not expected to have any impact on the entity's financial report.	Unlikely to have significant impact.

(u) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and liabilities within the next financial year are discussed below.

Income Taxes

The Company is subject to income taxes in Australia and jurisdictions where it had foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the current and deferred tax provisions in the period in which such determination is made.

Fair value of share options and assumptions

The fair value of services received in return for share options granted to Directors and employees is measure by reference to the fair value of options granted. The estimate of the fair value of the services is measure based on Black-Scholes options valuation methodology.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

NOTES TO THE FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors 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 Company through regular reviews of the risks, to minimise potential adverse effects on the financial performance and position of the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash and cash equivalents.

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	2010	2009
	\$	\$
Cash and cash equivalents	3,071,470	1,535,824
Trade and other receivables	4,576	6,261
	3,076,046	1,542,085

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2010	2009
Cash at bank and short-term bank deposits		
AA	26,663	226,146
A-	3,044,807	1,309,678
	3,071,470	1,535,824

Impairment losses

None of the Company's other receivables are past due. There is no impairment loss recognised in 2010.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 risking damage to the Company's reputation.

NOTES TO THE FINANCIAL STATEMENTS

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts if required.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

There were no undrawn borrowing facilities in place during the current or prior year.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2010	Carrying amount	Total Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Trade and other payables	1,739,197	1,739,197	1,739,197	-	-	-	-
	1,739,197	1,739,197	1,739,197	-	-	-	-
2009	Carrying amount	Total Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Trade and other payables	482,602	482,602	482,602	-	-	-	-
	482,602	482,602	482,602	-	-	-	-

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Company operates only in Australia and therefore is not exposed to any currency risk.

Interest rate risk

Exposure arises predominantly from assets and liabilities bearing variable interest rates as the Company intends to hold fixed rate assets and liabilities to maturity. Interest rate risk is considered unlikely to be material.

Sensitivity Analysis

If the interest rates had weakened/strengthened by 1% at 30 June 2010, there would be no material impact on the statement of comprehensive income. There would be no effect on the equity reserves other than those directly related to the statement of comprehensive income movements (2009: nil).

Fair Values

All financial assets and liabilities have been recognised at the balance date at amounts approximating their carrying value due to their short term nature.

NOTES TO THE FINANCIAL STATEMENTS

Capital risk management

Consistently with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There were no changes in the Company's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting. The Company is not subject to externally imposed capital requirements.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information. The group does not have any customers, and all the group's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

	2010 \$	2009 \$
4. REVENUE		
From continuing operations		
<i>Other revenue</i>		
Interest income	95,401	188,985
Fuel rebate	-	10,071
Other revenue	-	299
	95,401	199,355

5. EXPENSES

Loss before income tax includes the following specific expenses:

Rent	55,716	54,500
Directors' fees	100,000	116,667
Other expenses	413,063	289,408
Total general expenses	568,779	460,575

NOTES TO THE FINANCIAL STATEMENTS

	2010 \$	2009 \$
6. INCOME TAX		
(a) Income tax expense/(benefit)	-	-
(b) Loss from continuing operations before income tax benefit	(11,299,132)	(4,604,591)
Tax at the Australian tax rate of 30%	(3,389,740)	(1,381,377)
Non deductible expenses	915,204	241,543
Effect of current year tax losses not recognised	2,492,360	1,164,585
Movement in unrecognised temporary differences	10,710	-
Tax deductible equity raising costs	(28,534)	(24,749)
Income tax loss and related benefit	-	-
Amounts recognised directly in Equity		
Relating to equity raising costs	-	-
(c) Deferred tax assets and liabilities not recognised relate to the following:		
Deferred tax assets		
<i>Deductible temporary differences</i>		
Black hole deduction	69,032	78,640
Provision for annual leave	16,787	7,487
Non deductible accruals	3,600	3,700
Tax losses	3,362,326	1,158,743
	3,451,745	1,248,570
Deferred tax liabilities		
Accrued Income 2010	2,466	216
Exploration expenditure	-	196,868
	2,466	197,084

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that taxable profits will be available against which deductible temporary differences and tax losses can be utilised.

	2010 \$	2009 \$
7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as shown in the statement of financial position and statement of cash flows	3,071,470	1,535,824

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Deposits at calls are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company. Information about the Company's exposure to interest rate risk is disclosure in Note 2.

NOTES TO THE FINANCIAL STATEMENTS

	2010 \$	2009 \$
8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Tax receivable	418,473	133,011
Other receivables	12,795	6,262
	431,268	139,273

As of 30 June 2010, trade receivables that were past due or impaired were nil (2009: nil).
Refer to note 2 for details of credit risk and fair value.

9. NON-CURRENT ASSETS - OTHER ASSETS

Formation costs	400	600
	400	600

10. NON-CURRENT ASSETS

PROPERTY PLANT AND EQUIPMENT

(a) Property, plant and equipment

Cost	59,819	22,760
Accumulated depreciation	(20,229)	(7,906)
	39,590	14,854

Reconciliations of the carrying amounts of plant and equipment

Balance at 30 June 2008		2,610
Additions		20,150
Depreciation expense		(7,906)
Balance at 30 June 2009		14,854
Additions		37,059
Depreciation expense		(12,323)
Balance at 30 June 2010		39,590

(b) Capitalised tenement acquisition

Opening net book amount	655,225	458,773
Tenement acquisition during the year	-	196,452
Closing net book amount	655,225	655,225

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	1,638,408	416,406
Accruals	12,000	50,622
Payroll liabilities	88,541	15,574
Other	248	-
	1,739,197	482,602

NOTES TO THE FINANCIAL STATEMENTS

12. ISSUED CAPITAL

(a) Share capital

	Notes	2010		2009	
		Number of shares	\$	Number of shares	\$
Ordinary shares fully paid	12(b)	73,914,473	14,505,430	54,650,000	5,671,514
Cost of capital raising		-	(63,090)	-	(73,207)
Total contributed equity		73,914,473	14,442,340	54,650,000	5,598,307

(b) Movements in ordinary share capital

	2009	
	Number of shares	\$
Beginning of the financial year	53,650,000	5,403,214
Issued during the year:		
– Issued as consideration for acquisition of iron ore rights	1,000,000	268,300
Less cost of capital raising	-	(73,207)
End of the financial year	54,650,000	5,598,307

	2010	
	Number of shares	\$
Beginning of the financial year	54,650,000	5,598,307
Issued during the year:		
– Issue of 8,197,001 ordinary shares at 30 cents each	8,197,001	2,459,100
– Issue of 9,623,928 ordinary shares at 64 cents each	9,623,928	6,159,314
– Exercise of 1,443,544 listed options at 20 cents each	1,443,544	288,709
Less cost of capital raising	-	(63,090)
End of the financial year	73,914,473	14,442,340

(c) Movements in options on issue

	Number of options
Beginning of the financial year	16,625,000
Issued/(lapsed) during the year:	
– Exercisable at 20 cents, on or before 20 September 2010	27,325,017
– Exercisable at 35 cents, on or before 6 August 2013	1,500,000
– Exercisable at 35 cents, on or before 6 August 2013	3,000,000
– Lapsed, exercisable at 35 cents, on or before 6 August 2013	(1,500,000)
End of the financial year	46,950,017

(c) Movements in options on issue

	Number of options
Beginning of the financial year	46,950,017
Issued/(lapsed) during the year:	
– Exercisable at 20 cents, on or before 12 December 2014	1,250,000
– Exercisable at 20 cents, on or before 12 December 2014	1,250,000
– Exercisable at 20 cents, on or before 12 December 2014	1,250,000
– Exercisable at 20 cents, on or before 12 December 2014	1,250,000
– Exercisable at 75 cents, on or before 6 January 2015	300,000*
– Exercise of 1,443,544 listed options at 20 cents each	(1,443,544)
End of the financial year	50,806,473

* The assessed fair value of these options is \$195,000. These options were forfeited subsequent to year end due to the service condition not being met therefore no expense was recognised.

As at 30 June 2010, there are 25,888,473 listed options and 24,925,000 unlisted options outstanding.

NOTES TO THE FINANCIAL STATEMENTS

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	2010 \$	2009 \$
13. RESERVES AND ACCUMULATED LOSSES		
(a) Reserves		
<i>Share-based payments reserve</i>		
Balance at beginning of year	977,082	174,413
Directors and Employee share options	3,050,681	802,669
Balance at end of year	<u>4,027,763</u>	<u>977,082</u>
<i>Option issue reserve</i>		
Balance at beginning of year	273,250	-
Movement during the year	-	273,250
Balance at end of year	<u>273,250</u>	<u>273,250</u>
Total reserves	<u>4,301,013</u>	<u>1,250,332</u>
(b) Accumulated losses		
Balance at beginning of year	(4,985,465)	(380,874)
Net loss for the year	(11,299,132)	(4,604,591)
Balance at end of year	<u>(16,284,597)</u>	<u>(4,985,465)</u>

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

Option issue reserve

The option issue reserve is used to recognise the proceeds from the issue of options.

14. DIVIDENDS

There was no dividend paid during the current and prior years.

15. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	2010 \$	2009 \$
Short-term benefits	670,667	682,500
Post employment benefits	50,925	52,875
Share-based payments	3,050,681	802,669
	<u>3,772,273</u>	<u>1,538,044</u>

Detailed remuneration disclosures are provided in the remuneration report.

NOTES TO THE FINANCIAL STATEMENTS

(a) Key management personnel compensation

(ii) Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of Iron Road Limited and other key management personnel of the Company, including their personally related parties, are set out below:

2010	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Iron Road Limited							
Julian Gosse	738,703	2,500,000	-	-	3,238,703	3,238,703	-
Ian Hume	901,203	2,500,000	-	-	3,401,203	3,401,203	-
Matthew J Keegan	4,658,000	-	-	-	4,658,000	4,658,000	-
Andrew J Stocks	10,575,313	-	-	-	10,575,313	9,075,313	1,500,000
John McKee*	75,000	-	-	(75,000)	-	-	-
<i>Other key management personnel of the Company</i>							
Graham Anderson	2,692,716	-	-	-	2,692,716	2,692,716	-
Larry Ingle	3,000,000	-	-	-	3,000,000	3,000,000	-
2009							
Directors of Iron Road Limited							
Julian Gosse	-	-	-	738,703	738,703	738,703	-
Ian Hume	-	-	-	901,203	901,203	901,203	-
Matthew J Keegan	3,780,000	-	-	878,000	4,658,000	878,000	3,780,000
Andrew J Stocks	9,420,000	-	-	1,155,313	10,575,313	1,155,313	9,420,000
John McKee*	-	1,500,000	-	(1,425,000)	75,000	75,000	-
<i>Other key management personnel of the Company</i>							
Graham Anderson	1,425,000	-	-	1,267,716	2,692,716	1,267,716	1,425,000
Larry Ingle	-	-	-	3,000,000	3,000,000	-	3,000,000

(iii) Share holdings

The numbers of shares in the company held during the financial year by each director of Iron Road Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2010	Balance at start of the period	Received during the year on the exercise of options	Other changes during the period	Balance at end of the period
Directors of Iron Road Limited				
Julian Gosse	1,600,000	-	-	1,600,000
Ian Hume	1,750,000	-	-	1,750,000
Matthew J Keegan	1,600,000	-	-	1,600,000
Andrew J Stocks	2,310,625	-	-	2,310,625
John McKee*	225,000	-	(225,000)	-
<i>Other key management personnel of the Company</i>				
Graham Anderson	1,085,000	-	-	1,085,000
Larry Ingle	-	-	-	-

*John McKee resigned as Chairman on 5 March 2009
IRONROAD ANNUAL REPORT 2010

NOTES TO THE FINANCIAL STATEMENTS

(iii) Share holdings

2009

Directors of Iron Road Limited

Julian Gosse	-	-	1,600,000	1,600,000
Ian Hume	-	-	1,750,000	1,750,000
Matthew J Keegan	1,520,000	-	80,000	1,600,000
Andrew J Stocks	2,280,000	-	30,625	2,310,625
John McKee*	125,000	-	100,000	225,000
Other key management personnel of the Company				
Graham Anderson	950,000	-	135,000	1,085,000
Larry Ingle	-	-	-	-

There are no shares held nominally as at the year ended 30 June 2010.

(iii) Other transactions with key management personnel of the Company

Refer to Note 19 for transactions with key management personnel.

16. REMUNERATION OF AUDITORS

During the period the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

Audit services	2010 \$	2009 \$
Audit and review of financial reports – BDO Audit (WA) Pty Ltd	28,771	21,728
	<u>28,771</u>	<u>21,728</u>

17. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Company at balance date.

18. COMMITMENTS

(a) Exploration commitments

All of the company's tenements are situated in the states of Western Australia and South Australia.

In order to maintain an interest in the mining and exploration tenements in which the company is involved, the company is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture agreements. The timing and amount of exploration expenditure commitments and obligations of the company are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

These obligations are not provided for in the financial report and are payable.

Outstanding exploration commitments are as follows (no estimate has been given of expenditure commitments beyond 12 months as this is dependent on the directors' ongoing assessment of operations and, in certain circumstances, Native Title negotiations):

NOTES TO THE FINANCIAL STATEMENTS

	2010 \$	2009 \$
Within one year	1,075,000	51,920

(b) Lease commitments: Company as lessee

There are no lease commitments of the company at balance date.

19. RELATED PARTY TRANSACTIONS

During the year, Iron Road Limited paid \$36,000 to GDA Corporate Pty Ltd for accounting and administrative services. Mr Graham Anderson is a Director of GDA Corporate Pty Ltd. (2009: \$38,250). There is no balance outstanding as at 30 June 2010.

There were no other related party transactions during the year ending 30 June 2010.

20. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There is no matter or circumstance arisen since 30 June 2010, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

21. CASH FLOW STATEMENT

	2010 \$	2009 \$
(a) Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	(11,299,132)	(4,604,591)
Non cash Items		
Share based payments	3,050,681	802,669
Exploration costs written off	-	70,848
Depreciation	12,322	-
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(291,795)	(127,790)
(Decrease)/increase in trade and other payables	1,256,596	311,205
Net cash outflow from operating activities	(7,271,328)	(3,547,659)

22. LOSS PER SHARE

(a) Reconciliation of earnings used in calculating loss per share

Loss attributable to the members of the company used in calculating basic and diluted loss per share

	11,299,132	4,604,591
Basic loss per share	17.40	16.99
Diluted loss per share	17.40	16.99

Number of shares

(b) Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share

	64,928,092	27,100,411
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NOTES TO THE FINANCIAL STATEMENTS

(c) Information on the classification of options

As the Company has made a loss for the year ended 30 June 2010, all options on issue are considered anti dilutive and have not been included in the calculation of diluted loss per share. These options could potentially dilute basic loss per share in the future.

23. SHARE-BASED PAYMENTS

Directors and Key Executive's Options

During the year, Mr Julian Gosse and Mr Ian Hume were issued 2,500,000 unlisted options each. The options, issued for nil consideration, are granted in accordance with performance guidelines established by the directors of the company.

The options are issued for a specified period and each option is convertible into one ordinary share. The options were approved by shareholders during a shareholders meeting on 25 November 2009.

There are no voting or dividend rights attached to the options. Voting rights will attach to the ordinary shares when the options have been exercised. The options cannot be transferred and will not be quoted on the ASX.

Set out below are summaries of the options granted:

	Number of options	Value per option (cents)	Vested during the period	Exercisable at period end
- Exercisable at 20 cents, on or before 15/12/14	1,250,000	50.27	1,250,000	1,250,000
- Exercisable at 25 cents, on or before 15/12/14	1,250,000	49.12	1,250,000	1,250,000
- Exercisable at 30 cents, on or before 15/12/14	1,250,000	48.09	1,250,000	1,250,000
- Exercisable at 35 cents, on or before 15/12/14	1,250,000	47.15	1,250,000	1,250,000

The price was calculated by using the Black-Scholes Option Pricing Model applying the following inputs:

	2010
Life of the option (years)	5.00
Share price at grant date (cents)	58.00
Expected share price volatility	100%
Risk free interest rate	3.25%

The options issued to Mr Julian Gosse and Mr Ian Hume vested immediately. Total expenses arising from share-based payment transactions recognised during the year were as follows:

	2010
	\$
Options issued to directors and key executives as part of:	
Share based payments	3,050,681

During the year, an employee of the Company Mr Michael Tschaban was issued with 300,000 unlisted options. The options, issued for nil consideration, are granted in accordance with performance guidelines established by the directors of the company. The options are issued for a specified period and each option is convertible into one ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

Set out below are summaries of the options granted:

	Number of options	Value per option (cents)	Vested during the period	Exercisable at period end
- Exercisable at 75 cents, on or before 6 January 2015	300,000	65	-	-

The price was calculated by using the Black-Scholes Option Pricing Model applying the following inputs:

	2010
Life of the option (years)	5.00
Share price at grant date (cents)	72.5
Expected share price volatility	150%
Risk free interest rate	4.50%

The weighted average remaining contractual life of the share options outstanding at the end of the year is 3.71 years (2009 – 3.48 years)

The assessed fair value of these options is \$195,000. These options were forfeited subsequent to year end due to the service condition not being met therefore no expense was recognised.

The weighted average exercise price of the options held at the end of the year is 29.22 cents (2009 – 28.93 cents).

The weighted average remaining contractual life of share options outstanding at the end of the year is 3.71 years (2009 – 3.48 years).

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, 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 Company's financial position as at 30 June 2010 and of the performance for the year ended on that date.

2. In the Director's 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.

3. The remuneration disclosures included in the Directors' report (as part of audited Remuneration Report), for the year ended 30 June 2010, comply with section 300A of the Corporations Act 2001.

4. The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A

5. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS).

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Andrew J Stocks
Managing Director

Perth, 30 September 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRON ROAD LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Iron Road Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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 (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 judgement, 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.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

INDEPENDENT AUDIT REPORT

Auditor's Opinion

In our opinion:

- (a) the financial report of Iron Road Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. 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 Iron Road Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

BDO


Peter Toll

Director

Perth, Western Australia

Dated this 30th day of September 2010

ASX ADDITIONAL INFORMATION

ASX Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows.

The information is current as at 29 September 2010.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

		No. of holders
1	- 1,000	201
1,001	- 5,000	456
5,001	- 10,000	340
10,001	- 100,000	655
100,001	- and over	97
		<u>1,749</u>

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

	Listed ordinary shares	
	Number of shares	Percentage of ordinary shares
1	Sentient Executive GP II Ltd	13,428,886 15.54%
2	Sentient Executive GP II	3,504,826 4.05%
3	HSBC Custody Nominees	3,315,273 3.84%
4	National Nominees Limited	3,257,300 3.77%
5	Gothic Corporation	2,218,750 2.57%
6	Sentient Executive GP II	2,000,000 2.31%
7	Devipo Pty Ltd	1,750,000 2.02%
8	Font SF Pty Ltd	1,600,000 1.85%
9	Sentient Executive GP II Ltd	1,530,699 1.77%
10	Mr Matthew Joseph Keegan	1,500,000 1.74%
11	JP Morgan Nominees Australia	1,247,442 1.44%
12	Sentient Executive GP II Ltd	1,144,642 1.32%
13	Mr Andrew James Stocks	1,140,000 1.32%
14	Mrs Claire Margaret Stocks	1,140,000 1.32%
15	Stonecot Pty Ltd	1,000,000 1.16%
16	Mr Keith Robert Yates	981,820 1.14%
17	Mr Graham Douglas Anderson	950,000 1.10%
18	Forbar Custodians Limited	927,154 1.07%
19	Mrs Rita Marian Brooks	913,000 1.06%
20	Mrs Annette Michelle Hill	868,333 1.00%
		<u>44,418,125 51.39%</u>

ASX ADDITIONAL INFORMATION

(c) Substantial shareholder

This substantial shareholder has notified the Company in accordance with section 671B of the Corporations Act 2001:

	Number of Shares
Sentient Executive GP II Ltd	13,428,886

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Schedule of interests in mining tenements

Location	Tenement	Percentage held/earning
South Australia		
- Warramboo	EL3699	100%
- Gawler		Earning to 90% Iron Ore rights
Western Australia		
- Windarling	EL77/1236	100%
	EL77/1237	100%
	EL77/1245	100%
	PL77/3508	Option to purchase 100%
	PL77/3509	Option to purchase 100%
	PL77/3528	Option to purchase 100%
	PL77/3529	Option to purchase 100%
- Wanmulla	EL20/681	Option to purchase 100%
- Rose Well	EL58/365	Option to purchase 100%

GLOSSARY

Aeromag survey - Short for aeromagnetic survey a common type of geophysical method carried out using a magnetometer aboard or towed behind an aircraft. The aircraft typically flies in a grid like pattern with height and line spacing determining the resolution of the data. As the aircraft flies, the magnetometer records tiny variations in the intensity of the ambient magnetic field and spatial variations in the Earth's magnetic field. By subtracting the solar and regional effects, the resulting aeromagnetic map shows the spatial distribution and relative abundance of magnetic minerals (most commonly magnetite) in the upper levels of the crust.

DTR - Davis Tube Recovery testing is used to separate ferromagnetic and non-magnetic fractions in small samples of approximately 20g at a time. The test is suited to establishing the recoveries likely from a magnetic separation process. This can assist mineral body assessment for magnetite, hematite or combinations thereof.

Gravity survey - A geophysical method undertaken from the surface or from the air which identifies variations in the density of the earth from surface to depth. It is used to directly measure the density of the subsurface, effectively the rate of change of rock properties. From this information a picture of subsurface anomalies may be built up to more accurately target mineral deposits. For iron exploration gravity surveys are commonly overlain on magnetic surveys to help identify and target fresh and oxidised iron ore (ie. magnetite and hematite).

Hematite - Hematite is a mineral, coloured black to steel or silver-gray, brown to reddish brown or red. Hematite is a form of Iron (III) oxide (Fe_2O_3), one of several iron oxides.

Magnetite - Magnetite is a form of iron ore, one of several iron oxides and a ferrimagnetic mineral with chemical formula Fe_3O_4 and a member of the spinel group. It is metallic or dull black and a valuable source of iron ore. Magnetite is the most magnetic of all the naturally occurring minerals on Earth, and these magnetic properties allow it to be readily refined into an iron ore concentrate.

Martite - The name given for Hematite pseudomorphs after Magnetite. More simply put primary magnetite that has been totally replaced by secondary hematite through oxidation.

Specularite - A black or gray variety of hematite with brilliant metallic luster, occurring in micaceous / foliated masses or in tabular or disk-like crystals. Also known as specular iron.

XRF - X-Ray Fluorescence spectroscopy is used for the qualitative and quantitative elemental analysis of geological and other samples. It provides a fairly uniform detection limit across a large portion of the Periodic Table and is applicable to a wide range of concentrations, from 100% to few parts per million (ppm).



Preparing for the drill rig's arrival

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