



ABN 51 128 698 108

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2008

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2008 and any public announcements made by Iron Road Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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DIRECTORS' REPORT

Your Directors are pleased to present their report on Iron Road Limited at the end of, or during, the half-year ended 31 December 2008.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year, to the date of this report, are:

Julian Gosse (Chairman – appointed 5 March 2009)
Andrew J Stocks (Managing Director)
Matthew J Keegan (Non Executive Director)
Ian Hume (Non Executive Director – appointed 5 March 2009)
John McKee (Chairman – resigned 5 March 2009)

REVIEW OF OPERATIONS

During the half year the Company commenced the development of the Company's Warrambo project in South Australia. Highlights were:

- Stage I RC drilling programme successfully completed with the identification of areas of high potential for Stage II drilling;
- Metallurgical DTR test work from samples collected across the deposit confirms consistent high grade concentrate averaging 70.1% iron with low silica, alumina and phosphorous;
- Potential free dig hematite resource discovered and
- Good progress with deposit structural and stratigraphic interpretation utilising geophysics data supplemented by drilling information.

Geological modelling and planning for the Stage II drilling programme were finalised, with Stage II drilling commencing in February 2009.

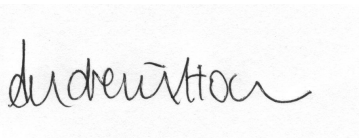
RESULTS OF OPERATIONS

The Company incurred an after tax operating loss for the half-year ended 31 December 2008 of \$2,147,475 (2007: \$nil)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read "Andrew Stocks".

Andrew Stocks
Managing Director

Perth, Western Australia
16 March 2009

16 March 2009

The Directors
Iron Road Limited
Suite 2, 35-37 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 half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Iron Road Limited and the entities it controlled during the period.



Peter Toll
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia.

**INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	Half-year 2008 \$
REVENUE FROM CONTINUING OPERATIONS	2	146,755
EXPENDITURE		
Depreciation expense		(2,270)
Salaries and employee benefits expense	2	(277,450)
Exploration expenditure		(1,265,728)
Administration expenses		(226,530)
Travelling expenses		(16,715)
Share-based payments expense	4	<u>(505,537)</u>
LOSS BEFORE INCOME TAX		(2,147,475)
Income tax benefit / (expense)		<u>-</u>
LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF COMPANY'S NAME		<u>(2,147,475)</u>
Basic and diluted loss per share (cents)		(3.94)

The above income statement should be read in conjunction with the accompanying notes.

**BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Note	31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents		3,501,469	4,894,683
Trade and other receivables		19,391	11,284
TOTAL CURRENT ASSETS		3,520,860	4,905,967
NON-CURRENT ASSETS			
Property, plant and equipment		14,945	2,610
Capitalised tenement acquisition costs	5	656,225	458,773
Other assets		700	800
TOTAL NON-CURRENT ASSETS		671,870	462,183
TOTAL ASSETS		4,192,730	5,368,150
CURRENT LIABILITIES			
Trade and other payables		169,571	171,397
TOTAL CURRENT LIABILITIES		169,571	171,397
TOTAL LIABILITIES		169,571	171,397
NET ASSETS		4,023,159	5,196,753
EQUITY			
Contributed equity		5,598,307	5,403,214
Reserves		953,201	174,413
Accumulated losses		(2,528,349)	(380,874)
TOTAL EQUITY		4,023,159	5,196,753

The above balance sheet should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance 1 July 2007	-	-	-	-
Loss for the half-year	-	-	-	-
Total recognised income and expense for the half year attributable to the members of Iron Road Limited	-	-	-	-
Capital raising costs	-	-	-	-
Issue of share capital	-	-	-	-
Issue of options	-	-	-	-
Share based payments	-	-	-	-
Transactions with equity holders in Their capacity as equity holders	-	-	-	-
Balance 31 December 2007	-	-	-	-
Balance 1 July 2008	5,403,214	(380,874)	174,413	5,196,753
Loss for the half-year	-	(2,147,475)	-	(2,147,475)
Total recognised income and expense for the half year attributable to the members of Iron Road Limited	-	(2,147,475)	-	(2,147,475)
Capital raising costs	(73,207)	-	-	(73,207)
Issue of share capital	268,300	-	-	268,300
Issue of options	-	-	273,251	273,251
Share based payments	-	-	505,537	505,537
Transactions with equity holders in Their capacity as equity holders	195,093	-	778,788	973,881
Balance 31 December 2008	5,598,307	(2,528,349)	953,201	4,023,159

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Half-year	
	2008	2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from debtors	299	
Expenditure on exploration and evaluation	(1,567,994)	-
Payments to suppliers and employees	(361,595)	-
Interest received	133,107	-
Interest paid	(170)	
Net cash outflow from operating activities	(1,796,353)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(18,508)	-
Net cash outflow from investing activities	(18,508)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares/options	531,550	
Share issue transaction costs	(109,903)	-
Net cash inflow from financing activities	421,647	-
Net decrease in cash and cash equivalents	(1,393,214)	-
Cash and cash equivalents at the beginning of the half-year	4,894,683	-
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	3,501,469	-

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These interim financial statements have been prepared under the historical cost basis, except for available-for-sale financial assets that have been measured at fair value. Non-current assets and disposal groups held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Iron Road Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Comparatives

There are no comparatives for 31 December 2007 as the company listed on 12 June 2008 and began operations around this date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Half-year	
	2008	2007
	\$	\$
NOTE 2: REVENUE AND EXPENSES		
(a) Revenue		
Interest received	146,456	-
Other revenue	299	-
	<u>146,755</u>	<u>-</u>
(b) Salaries and employee benefits		
Wages and salaries	250,000	-
Superannuation	27,450	-
	<u>277,450</u>	<u>-</u>

	2008	
	Number of shares	\$
NOTE 3: CHANGES IN EQUITY SECURITIES ON ISSUE		
(a) Movements in ordinary share capital during the half-year		
Placement of shares	1,000,000	268,300
<i>Issued as part consideration for acquisition of iron ore rights pursuant to farm-in agreement</i>		
	<u>1,000,000</u>	<u>268,300</u>

	Number of options	
	2008	2007
(b) Movements in options on issue during the half-year		
Exercisable at 20 cents, on or before 30 September 2010	27,325,017	-
Exercisable at 35 cents, on or before 6 August 2013	4,500,000	-
	<u>31,825,017</u>	<u>-</u>

NOTE 4: SHARE-BASED PAYMENTS

Directors and key Executive's Options

During the year, Mr John McKee and Mr Larry Ingle were issued 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. The options were approved by shareholders during a shareholders meeting on the 7 August 2008.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 4: SHARE-BASED PAYMENTS (continued)

Options do not vest until a specified period after granting and their exercise is conditional on the achievement of certain performance hurdles.

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 35 cents, on or before 6 August 2013	4,500,000	14.89	1,500,000	-

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

	2008
Life of the option (years)	5.00
Share price at grant date (cents)	2.4
Expected share price volatility	150%
Risk free interest rate	7.25%

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2008 \$
Options issued to directors and key executives as part of: Share based payments	505,537

Total value of the options above is \$670,050. The options issued to Mr John McKee vested immediately. Options issued to Mr Larry Ingle will vest at the time of completion of the following tranches set out below. Total amount to be expensed as at 31 December 2008 is \$505,537.

Tranche	Amount	Estimated Completion Date	Vesting Conditions
1	1,000,000	31/12/2009	Publication of a JORC compliant resource of at least 50M tonnes of iron ore
2	1,000,000	31/12/2010	Publication of a JORC compliant resource of at least 100M tonnes of iron ore
3	1,000,000	31/12/2012	12 months after issue and the Company's share price remaining at, or above, 50 cents per share for 30 consecutive days.

NOTES TO THE FINANCIAL STATEMENTS (continued)**NOTE 5: CAPITALISED TENEMENT ACQUISITION COSTS**

	2008
Balance at 30 June 2008	458,773
Shares issued for acquisition of iron ore rights	268,300
Tenement acquisition costs written off during the period	(70,848)
Balance at 31 December 2008	656,225

NOTE 6: RELATED PARTY TRANSACTION

During the period, GDA Corporate provided secretarial, accounting and administration services to the Group. Graham Anderson is a Director of GDA Corporate. Total amount paid to GDA Corporate for the period was \$37,500 (2007: \$nil).

NOTE 7: CONTINGENCIES

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

NOTE 8: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2008, which has significantly affected, or may significantly affect the operations of the group, the result of those operations, or the state of affairs of the group in subsequent financial years.

NOTE 9: SEGMENT INFORMATION

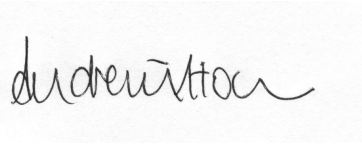
The Company operates in one industry and one geographical segment, namely the mining industry in Australia.

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. the financial statements and notes set out on pages 6 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying the *Corporations Regulations 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Iron Road Limited will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read "Andrew Stocks".

Andrew Stocks
Managing Director

Perth, Western Australia
16 March 2009

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Iron Road Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Iron Road Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls



Peter Toll
Director

Perth, Western Australia on 16 March 2009