



FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2009

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 2009 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 2009.

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)

Andrew J Stocks (Managing Director)

Matthew J Keegan (Non Executive Director)

Ian Hume (Non Executive Director)

REVIEW OF OPERATIONS

During the half year Iron Road continued its high level of activities aimed at advancing the flagship Central Eyre Iron Project (CEIP), which is at pre-development status. At Boo-Loo within the CEIP, a maiden Resource estimate was completed and an independent assessment of the project lead to a nationally significant global exploration target for the tenement.

A field chip sampling programme at the Gawler Iron Project indicated good potential for direct shipping ore (DSO) hematite. This work was followed up by detailed aeromagnetic and gravity surveys that covered a large part of the prospective area in preparation for a drilling programme to commence Q1 2010.

Highlights

Central Eyre Iron Project

- 110Mt Inferred Mineral Resource estimate for Boo-Loo compliant with the guidelines of the JORC (2004) Code.
- 2.8 – 5.7 billion tonne global exploration target (EL3699).
- Successful completion of a major aeromagnetic survey covering the Warrambo, Kopi and Hambidge project areas.
- Completion of a metallurgical test work programme indicating readily upgradeable ore characteristics and a range of high grade saleable concentrates, including blast furnace (~68% Fe) and direct reduction (~70% Fe) feed material.
- Release of a work programme for 2010 with the goal of increasing the mineral resource estimate across the project to 500Mt.

Gawler Iron Project

- Hematite mineralisation confirmed – potential direct shipping ore projects identified.
- Field sampling programme returns encouraging results.
- Detailed aeromagnetic and gravity surveys completed to support planning for exploratory drilling.
- Preparation and finalisation of a heritage clearance survey to allow for a planned exploratory drilling programme commencing Q1 2010.

Corporate

- Institutional placement raised \$2.46M before costs.
- Internal goal set to increase the mineral resource estimate across the Central Eyre Iron Project to 500Mt in 2010.

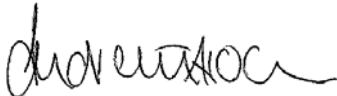
RESULTS OF OPERATIONS

The Company incurred an after tax operating loss for the half-year ended 31 December 2009 of \$4,251,242 (2008: \$2,147,475)

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 6.

This report is made in accordance with a resolution of Directors and signed on behalf of the board by:



Andrew Stocks
Managing Director

Perth, Western Australia
16 March 2010

AUDITOR'S INDEPENDENCE DECLARATION



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Australia

16 March 2010

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 2009, 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.



Peter Toll
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

		Half-year	
	Note	2009 \$	2008 \$
REVENUE FROM CONTINUING OPERATIONS	2	39,607	146,755
EXPENDITURE			
Depreciation expense		(4,249)	(2,270)
Salaries and employee benefits expense	2	(297,497)	(277,450)
Exploration expenditure		(805,027)	(1,265,728)
Administration expenses		(414,842)	(226,530)
Travelling expenses		(34,302)	(16,715)
Share-based payments expense	4	(2,734,932)	(505,537)
LOSS BEFORE INCOME TAX		(4,251,242)	(2,147,475)
Income tax benefit / (expense)		-	-
LOSS FOR THE HALF-YEAR		(4,251,242)	(2,147,475)
Other comprehensive income for the half-year; net of tax		-	-
Total comprehensive income for the half-year attributable to owners of Iron Road Limited		(4,251,242)	(2,147,475)
Basic loss per share (cents)		(6.99)	(3.94)

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

	31 December 2009 \$	30 June 2009 \$
CURRENT ASSETS		
Cash and cash equivalents	2,305,120	1,535,824
Trade and other receivables	110,254	139,273
TOTAL CURRENT ASSETS	2,415,374	1,675,097
NON-CURRENT ASSETS		
Property, plant and equipment	42,288	14,854
Capitalised tenement acquisition costs	655,225	655,225
Other assets	500	600
TOTAL NON-CURRENT ASSETS	698,013	670,679
TOTAL ASSETS	3,113,387	2,345,776
CURRENT LIABILITIES		
Trade and other payables	197,303	482,602
TOTAL CURRENT LIABILITIES	197,303	482,602
TOTAL LIABILITIES	197,303	482,602
NET ASSETS	2,916,084	1,863,174
EQUITY		
Contributed equity	8,167,527	5,598,307
Reserves	3,985,264	1,250,332
Accumulated losses	(9,236,707)	(4,985,465)
TOTAL EQUITY	2,916,084	1,863,174

The above statement of financial position should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Issued capital	Accumulated losses	Share based payment reserve	Total equity
Balance at 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 comprehensive income for the year	-	(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 owners in their capacity as owners	195,093	-	778,788	973,881
Balance at 31 December 2008	5,598,307	(2,528,349)	953,201	4,023,159
Balance at 1 July 2009	5,598,307	(4,985,465)	1,250,332	1,863,174
Loss for the half-year	-	(4,251,242)	-	(4,251,242)
Total comprehensive income for the year	-	(4,251,242)	-	(4,251,242)
Capital raising costs	(45,381)	-	-	(45,381)
Issue of share capital	2,614,601	-	-	2,614,601
Share based payments	-	-	2,734,932	2,734,932
Transactions with owners in their capacity as owners	2,569,220	-	2,734,932	5,304,152
Balance at 31 December 2009	8,167,527	(9,236,707)	3,985,264	2,916,084

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

**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Half-year	
	2009	2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from debtors	-	299
Expenditure on exploration and evaluation	(1,367,200)	(1,567,994)
Payments to suppliers and employees	(435,646)	(361,595)
Interest received	11,878	133,107
Interest paid	-	(170)
Net cash outflow from operating activities	(1,790,968)	(1,796,353)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(8,956)	(18,508)
Net cash outflow from investing activities	(8,956)	(18,508)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares/options	2,614,601	531,550
Share issue transaction costs	(45,381)	(109,903)
Net cash inflow from financing activities	2,569,220	421,647
Net increase/(decrease) in cash and cash equivalents	769,296	(1,393,214)
Cash and cash equivalents at the beginning of the half-year	1,535,824	4,894,683
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	2,305,120	3,501,469

The above statement of cash flows 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

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have 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.

These general purpose financial statements do not include all the notes of the type normally included in an annual financial statement. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2009 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, except as follows:

Segment Reporting

The Company has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the Company as the Managing Director and other members of the Board of Directors.

Presentation of financial statements

The Company has applied revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2009.

As a result, the Company presents in the consolidated statement of changes in equity, whereas all non-owner changes are presented in the consolidated statement of comprehensive income. This presentation has been applied in these interim financial statements as of and for the six month period ended on 31 December 2009.

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the accounting policy only impacts presentation aspects, there is no impact on earnings per share.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2009	2008
	\$	\$
NOTE 2: REVENUE AND EXPENSES		
(a) Revenue		
Interest received	39,607	146,456
Other revenue	-	299
	39,607	146,755
(b) Salaries and employee benefits		
Wages and salaries	270,000	250,000
Superannuation	25,800	27,450
Employee relocation expenses	1,697	-
	297,497	277,450

NOTE 3: CHANGES IN EQUITY SECURITIES ON ISSUE

	2008	
	Number of shares	\$
(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>		
	1,000,000	268,300
	2009	
	Number of shares	\$
Issue of 8,197,001 ordinary shares at \$0.30 ea	8,197,001	2,459,100
<i>Institutional placement to fund exploration and development work at Warramboe and Gawler projects.</i>		
Conversion of 777,507 listed options at \$0.20 ea	777,507	155,501
	8,974,508	2,614,601

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 4: 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 2011.

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 December 2014	1,250,000	50.27	1,250,000	1,250,000
– Exercisable at 25 cents, on or before 15 December 2014	1,250,000	49.12	1,250,000	1,250,000
– Exercisable at 30 cents, on or before 15 December 2014	1,250,000	48.09	1,250,000	1,250,000
– Exercisable at 35 cents, on or before 15 December 2014	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:

	2009
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%

Total value of the options above is \$2,432,875. The options issued to Mr Julian Gosse and Mr Ian Hume vested immediately.

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

	2009
	\$
Options issued to directors and key executives as part of:	
Share based payments	<u>2,734,932</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 5: SEGMENT INFORMATION

Management has determined that the company has one reportable segment, being mineral exploration in Australia. As the company is focused on exploration, the Board monitors the company based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

	2009	2008
Revenue from external sources	-	-
Reportable segment loss	(805,027)	(1,265,728)
Reportable segment assets	655,225	655,225

Reconciliation of reportable segment loss		
Reportable segment loss	(805,027)	(1,265,728)
Other revenues	39,607	146,755
Unallocated:		
- Corporate expenses	(3,485,822)	(1,028,502)
Loss before tax	(4,251,242)	(2,147,475)

NOTE 6: CONTINGENCIES

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

NOTE 7: SUBSEQUENT EVENTS

On 11 January 2010, 300,000 unlisted options exercisable at \$0.75 each expiring 6 January 2015 were issued to Michael Tschaban, an employee of Iron Road Limited. The options have vesting conditions and performance hurdles:

1. 100,000 - 500MT Resource (JORC) at the Central Eyre Iron Project
2. 100,000 - 20MT Resource (JORC) at the Gawler Iron Project
3. 100,000 - Share price remaining at or above \$1.00 for at least 30 days

On 16 March 2010, the Company announced it had raised A\$6.1M through a placement of 9,623,928 shares at an issue price of A\$0.64 per share. The shares were predominantly placed to existing institutional investors of Iron Road and new North American based institutional investors.

Since the end of the half year there has been 356,976 shares issued due to the exercise of options at \$0.20c each raising \$71,395.20.

No other matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations or the state of affairs of the consolidated entity in the future financial years.

NOTE 8: DIVIDENDS

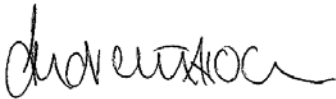
There were no dividends paid during the half-year ended 31 December 2009.

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. the financial statements and notes set out on pages 7 to 14 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 Company's financial position as at 31 December 2009 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 and is signed for and on behalf of the Directors by:

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

Andrew Stocks
Managing Director

Perth, Western Australia
16 March 2010

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Iron Road Limited

Matters Relating to the Electronic Presentation of the Half-Year Financial Report

This auditor's report relates to the half-year financial report of Iron Road Limited for the period ended 31 December 2009 included on Iron Road Limited's web site. The disclosing entity's directors are responsible for the integrity of Iron Road Limited's web site. We have not been engaged to report on the integrity of Iron Road Limited's web site. The auditor's review report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this half-year report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Iron Road Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the entity.

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 controls 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 entity's financial position as at 31 December 2009 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.

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Independence

In conducting our review, 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 review report was made.

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 entity's financial position as at 31 December 2009 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 Audit (WA) Pty Ltd

BDO
A handwritten signature in blue ink, appearing to read 'Peter Toll', written over the BDO logo.

PETER TOLL
Director

Perth, Western Australia
Dated 16 March 2010