



FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

Contents	Page
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	7
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12
DIRECTORS' DECLARATION	15
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS	16

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Annual Report for the year ended 30 June 2010 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*.

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 2010.

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)

Jeremy K Ellis (Non-Executive Director) – Appointed 20 December 2010

Ian Hume (Non-Executive Director)

REVIEW OF OPERATIONS

Iron Road continued its high level of activities aimed at advancing the Central Eyre Iron Project (CEIP). Activities included investigation and Mineral Resource drilling, metallurgical testwork programmes and prefeasibility study analyses at the CEIP. This work resulted in the Company announcing subsequent to the reporting period a Global Mineral Resource estimate of 1.2 billion tonnes – the largest iron ore resource in South Australia.

A drilling programme was conducted at the Gawler Iron Project (GIP) investigating nine of ten high-priority geophysical targets. Magnetite gneiss capped by a 10-55m thick zone of oxidized hematite-rich material was encountered at all target areas. The Company subsequently secured a 51% interest in the iron rights.

The Board of Iron Road was pleased to announce that Mr Jerry Ellis joined Iron Road as a Non-Executive Director. Mr Ellis has had a long and distinguished career in business, particularly in the resources sector and his experience will be invaluable as Iron Road progresses its flagship project at Central Eyre.

Highlights

Central Eyre Iron Project

- The Inferred Mineral Resource estimate for Boo-Loo increased to 328Mt @ 17.3% iron.
- Discovery of the Murphy South area and drilling of a 29,000m programme culminated in a 907Mt Mineral Resource estimate for Murphy South compliant with the guidelines of the JORC (2004) Code.
- Global Mineral Resource estimate of 1.2 billion tonnes for the Central Eyre Iron Project published following the reporting period – the largest iron ore resource in South Australia.
- Metallurgical testwork indicates that high quality concentrate maybe produced at coarse grind sizes. Current preferred option is to produce high quality sinter feed of 67.1% Fe at a grind size of -106 micron.
- Studies confirm that the hematite (oxide) component of the mineralisation is upgradable by both gravity and magnetic separation methods, with average concentrate grade of 60% iron.
- Work continues on the prefeasibility study with anticipated completion for Boo-Loo/Dolphin by the end of March 2011. Test work on Murphy South is still in progress and this data will be incorporated into a final combined prefeasibility study document by the end of May 2011.

Gawler Iron Project

- Drilling programme of 71 holes successfully completed with the identification of hematite and magnetite mineralisation at all nine geophysical target areas.
- Eighty two samples of magnetite gneiss were selected for a pilot metallurgical study of the beneficiation characteristics of magnetite mineralisation at a coarse grind size of -75 microns. Average iron content of magnetite concentrates is in the range 69-70% Fe with 1.1-2.0% SiO₂. Most samples tested meet direct reduction grade specifications and all meet or exceed high grade blast furnace requirements.
- The Company secured a 51% interest in the iron rights at the Gawler Iron Project following the completion of an exploration and evaluation program consisting of aeromagnetic and ground gravity geophysical surveys followed up by reconnaissance drilling.

Corporate

- Placement at A\$0.55 to raise A\$8.1M before costs to fund the drilling programmes and completion of the prefeasibility study.
- The Company announced in December 2010 that Mr Jerry Ellis joined the Board as a Non-Executive Director. Mr Ellis has had a long and distinguished career in business, particularly in the resources sector, including three decades at BHP Ltd, Chairing the company from 1997 to 1999.

Murphy South Mineral Resource Estimate								
Resource Classification	Oxidation	Material Type	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Inferred	Fresh	Disseminated	242	17.7	52.4	12.0	0.09	0.3
		Banded	53	13.4	54.6	14.1	0.07	0.5
	Oxide	Transitional	27	16.3	50.6	14.0	0.06	5.7
		Disseminated and banded	43	16.4	50.3	14.0	0.06	5.9
Total Inferred			365	16.8	52.4	12.7	0.08	1.4
Indicated	Fresh	Disseminated	290	19.2	51.6	11.5	0.10	0.2
		Banded	252	13.6	54.4	14.0	0.08	0.5
Total Indicated			542	16.6	52.9	12.6	0.09	0.3
Total Murphy South			907	16.7	52.7	12.6	0.08	0.7

Boo-Loo Mineral Resource Estimate							
Resource Classification	Oxidation	Tonnes (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 Murphy South and Boo-Loo mineral resource estimates were carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd.

Central Eyre Iron Project Global Mineral Resource Estimate							
Resource Classification	Oxidation	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Inferred	Fresh	572	17.1	52.7	12.0	0.09	0.4
	Transitional	40	16.5	51.2	13.2	0.07	7.3
	Oxide	81	16.8	51.1	12.9	0.08	8.2
Total Inferred		693	17.0	52.4	12.1	0.09	1.7
Indicated	Fresh	541	16.6	52.9	12.6	0.08	0.3
Total		1,234	16.8	52.6	12.3	0.09	1.1

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.

The information in this report that relates to Mineral Resources is based on and accurately reflects information compiled by Mr Iain Macfarlane and Mr Alex Virisheff, both of Coffey Mining Ltd, who are consultants and advisors to Iron Road Limited and Members of the Australasian Institute of Mining and Metallurgy. Mr Macfarlane and Mr Virisheff have sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Macfarlane and Mr Virisheff consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

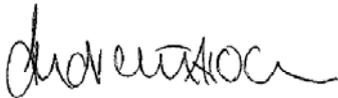
RESULTS OF OPERATIONS

The Company incurred an after tax operating loss for the half-year ended 31 December 2010 of \$8,019,763 (2009: \$4,251,242).

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 7.

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

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

Andrew Stocks

Managing Director

Perth, Western Australia

15 March 2011



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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

15 March 2011

Board of Directors
Iron Road Limited
Suite 2, 35-37 Havelock Street
WEST PERTH WA 6005

Dear Sirs,

**DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE BOARD OF DIRECTORS OF
IRON ROAD LIMITED**

As lead auditor of Iron Road Limited for the period ended 31 December 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 review;
and
- any applicable code of professional conduct in relation to the review.



Phillip Murdoch
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

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

		Half-year	
	Note	2010 \$	2009 \$
REVENUE FROM CONTINUING OPERATIONS	2	55,649	39,607
EXPENDITURE			
Depreciation		(12,692)	(4,249)
Employee expenses	2	(357,740)	(271,697)
Superannuation		(34,278)	(25,800)
Exploration expenses		(7,853,471)	(805,027)
General expenses		(429,647)	(362,342)
Consulting		(15,000)	(52,500)
Travel and accommodation		(30,241)	(34,302)
Share based payment		(13,610)	(2,734,932)
LOSS BEFORE INCOME TAX		(8,691,030)	(4,251,242)
Income tax benefit / (expense)		671,267	-
LOSS FOR THE HALF-YEAR		(8,019,763)	(4,251,242)
Other comprehensive income for the half-year; net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR ATTRIBUTABLE TO THE OWNERS OF IRON ROAD LIMITED		(8,019,763)	(4,251,242)
Basic and diluted loss per share (cents)		(9.01)	(6.99)

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Note	31 December 2010 \$	30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalents		5,641,536	3,071,470
Trade and other receivables		903,454	431,268
TOTAL CURRENT ASSETS		6,544,990	3,502,738
NON-CURRENT ASSETS			
Property, plant and equipment	5	103,235	39,590
Capitalised tenement acquisition costs	6	1,197,943	655,225
Other assets		19,901	400
TOTAL NON-CURRENT ASSETS		1,321,079	695,215
TOTAL ASSETS		7,866,069	4,197,953
CURRENT LIABILITIES			
Trade and other payables		532,535	1,739,197
TOTAL CURRENT LIABILITIES		532,535	1,739,197
TOTAL LIABILITIES		532,535	1,739,197
NET ASSETS		7,333,534	2,458,756
EQUITY			
Issued capital	3	27,323,271	14,442,340
Reserves		4,314,623	4,301,013
Accumulated losses		(24,304,360)	(16,284,597)
TOTAL EQUITY		7,333,534	2,458,756

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 2010**

	Issued capital	Accumulated losses	Share based payment reserve	Total equity
Balance at 1 July 2009	5,598,307	(4,985,465)	1,250,332	1,863,174
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
Balance at 1 July 2010	14,442,340	(16,284,597)	4,301,013	2,458,756
Total comprehensive income for the year	-	(8,019,763)	-	(8,019,763)
Capital raising costs	(305,381)	-	-	(305,381)
Issue of share capital	13,186,312	-	-	13,186,312
Share based payments	-	-	13,610	13,610
Transactions with owners in their capacity as owners	12,880,931	-	13,610	12,894,541
Balance at 31 December 2010	27,323,271	(24,304,360)	4,314,623	7,333,534

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 2010**

	Half-year	
	2010	2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on exploration and evaluation	(7,851,942)	(1,367,200)
Payments to suppliers and employees	(1,902,992)	(435,646)
Interest (paid)/received	(745)	11,878
Net cash outflow from operating activities	(9,755,678)	(1,790,968)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(76,337)	(8,956)
Payment for acquisition of prospect	(542,718)	-
Interest received	63,868	-
Net cash outflow from investing activities	(555,187)	(8,956)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares/options	13,186,313	2,614,601
Share issue transaction costs	(305,382)	(45,381)
Net cash inflow from financing activities	12,880,931	2,569,220
Net increase/(decrease) in cash and cash equivalents	2,570,066	769,296
Cash and cash equivalents at the beginning of the half-year	3,071,470	1,535,824
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	5,641,536	2,305,120

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 2010 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Iron Road Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

	2010	2009
	\$	\$

NOTE 2: REVENUE AND EXPENSES

(a) Revenue

Interest received	55,649	39,607
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	55,649	39,607
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(b) Salaries and employee benefits

Wages and salaries	355,867	270,000
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Employee relocation expenses	-	1,697
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Annual leave expense	1,873	-
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	357,740	271,697
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NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 3: CHANGES IN EQUITY SECURITIES ON ISSUE

Movements in share capital

	Number	\$
Balance 1 July 2010	73,914,473	14,442,340
Issued during the half-year:		
Exercise of 24,761,512 listed options at \$0.20 ea	24,761,512	4,925,545
Share placement issue of 15,019,579 at \$0.55 ea	15,019,579	8,260,768
Less cost of capital raising	-	(305,382)
Balance 31 December 2010	113,695,564	27,323,271

NOTE 4: 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.

NOTE 5: PROPERTY PLANT AND EQUIPMENT

(a) Property, plant and equipment

	2010 \$	2009 \$
Cost	136,156	54,268
Accumulated depreciation	(32,921)	(11,981)
	103,235	42,287

Reconciliations of the carrying amounts of plant and equipment

Balance at 1 July 2010	39,590
Additions	76,337
Depreciation expense	(12,692)
Balance at 31 December 2010	103,235

NOTE 6: CAPITALISED TENEMENT ACQUISITION

Capitalised tenement acquisition

Opening net book amount	655,225
Cash payment for a 51% interest in the iron rights at the Gawler Iron Project	542,718
Closing net book amount	1,197,943

NOTE 7: CONTINGENCIES

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

Note 8: COMMITMENTS

During the period, the Company has earned its 51% interest in the West Gawler Project with Dominion Gold and as such, is required to sole fund a further \$2,000,000 on the project by no later than 31 July 2011.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 9: EVENTS AFTER THE BALANCE DATE

On 7 February 2011, the Company announced that it intends to issue incentive options to Mr Jerry Ellis. The proposed issue is 500,000 options to acquire shares at \$1.00 per share expiring 5 years from the date of issue and will be subject to shareholder approval at the Company's next shareholder meeting.

The Board of Iron Road Limited also announced that it intends to issue 300,000 options to employees under the terms of the Company's Employee Share Option Plan.

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 Company in the future financial years.

NOTE 10: DIVIDENDS

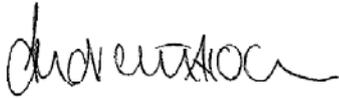
There were no dividends paid during the half-year ended 31 December 2010.

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. the financial statements and notes set out on pages 8 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with the *Corporations Regulations 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting and other mandatory professional requirements; and*
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
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
15 March 2011



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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Iron Road Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



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 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch
Director

Perth, Western Australia
Dated this 15th day of March 2011