

Global Iron Limited

(ABN 87 125 419 730)

Interim Financial Report for the Six Month Period Ended 31 December 2009

CONTENTS

<i>Directors' Report</i>	2
<i>Auditor's Independence Declaration</i>	4
<i>Condensed Statement of Comprehensive Income</i>	5
<i>Condensed Statement of Financial Position</i>	6
<i>Condensed Statement of Changes in Equity</i>	7
<i>Condensed Statement of Cash Flows</i>	8
<i>Notes to the Condensed Financial Statements</i>	9
<i>Directors' Declaration</i>	13
<i>Independent auditor's review report</i>	14

DIRECTORS' REPORT

Your Directors present their report on Global Iron Limited (“Global Iron”) or (the “Company”) for the half-year ended 31 December 2009.

1. DIRECTORS

The names of Directors in office during the half-year and up to the date of this report:

Mr Antony Sage
Mr Roberto Catena
Mr Timothy Turner

2. REVIEW OF OPERATIONS

Mineral Exploration

During the half year, promising results were received from Joint Venture Partner Cliffs Asia Pacific Iron Ore Pty Ltd (previously called Portman Iron Ore Limited) within the Evanston Project on the Deception and Deception West projects.

The directors continued to pursue new ventures both at a corporate and project level.

Financial Result

The Company incurred a loss after income tax of \$354,255 (2008: \$872,163) for the half-year period. The Company has cash funds on hand of \$1,154,780 at 31 December 2009.

3. SUBSEQUENT EVENTS

On 9 February 2010 the Company entered into a Share Sale Agreement to acquire African Petroleum Corporation Limited (“APCL”). Under the terms of the agreement, the Company will acquire up to 100% (and no less than 95%) of APCL by issuing APCL shareholders 906,250,050 fully paid ordinary shares in the Company, subject to a number of conditions being satisfied including the successful completion of due diligence, the receipt of shareholder approval in relation to the acquisition and the Company successfully completing a capital raising of at least \$130 million and up to \$230 million.

The capital raising will be undertaken by way of a placement of shares at \$0.55 per share. The placement is also subject to shareholder approval.

The issue of shares to APCL shareholders is considered a business combination under the accounting standard AASB-3R “Business Combinations” and will be prepared using reverse acquisition principles as the Company’s existing shareholders’ interest post the acquisition and the capital raising will be reduced to approximately 1.56% assuming the minimum capital raising and approximately 1.35% assuming the maximum capital raising.

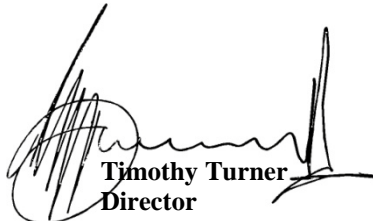
As at the date of this report, the acquisition of APCL has not yet completed. Consequently, the acquisition accounting has not yet been prepared.

DIRECTORS' REPORT (continued)

4. 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 4.

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



Timothy Turner
Director

Perth, 9 March 2010

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**Auditor's Independence Declaration
To the Directors of Global Iron Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Global Iron Limited for the half-year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants



M J Hillgrove
Partner

Perth, 9 March 2010

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

	Half year 2009 \$	Half year 2008 \$
Revenue	7,631	37,627
Depreciation expense	(267)	(6,547)
Consulting expenses, including directors' remuneration	(256,344)	(422,262)
Compliance and regulatory expenses	(54,213)	(84,136)
Administration expenses	(15,292)	(7,933)
Finance expenses	-	(3,851)
Loss on sale of motor vehicle	-	(62,855)
Impairment of exploration & evaluation expenditure	(35,770)	(322,206)
Profit / (Loss) from before income tax	(354,255)	(872,163)
Income tax (expense)/ benefit	-	-
Profit / (Loss) from after income tax	(354,255)	(872,163)
Other comprehensive income / (loss) for the period, net of tax	-	-
Total comprehensive income / (loss) for the period	(354,255)	(872,163)
Overall Operations		
Basic/diluted (loss) per share	(1.95) cents	(4.81) cents

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT
31 DECEMBER 2009

	Note	31 December 2009 \$	30 June 2009 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		1,154,780	1,388,625
Trade and Other Receivables		13,884	15,449
TOTAL CURRENT ASSETS		1,168,664	1,404,074
NON CURRENT ASSETS			
Plant and Equipment		2,397	2,664
Exploration and Evaluation Expenditure	3	181,021	216,791
TOTAL NON CURRENT ASSETS		183,418	219,455
TOTAL ASSETS		1,352,082	1,623,529
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables		199,605	116,797
TOTAL CURRENT LIABILITIES		199,605	116,797
TOTAL LIABILITIES		199,605	116,797
NET ASSETS		1,152,477	1,506,732
EQUITY			
Issued Capital		2,328,401	2,328,401
Reserves		1,228,750	1,228,750
Accumulated losses		(2,404,674)	(2,050,419)
TOTAL EQUITY		1,152,477	1,506,732

The accompanying notes form part of these financial statements.

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

	Ordinary Share Capital	Option Reserve	(Accumulated Losses)	Total
	\$	\$	\$	
BALANCE AT 1 JULY 2008	2,328,401	1,228,750	(862,401)	2,694,750
Total Comprehensive income / (loss) attributable to members of the Company	-	-	(872,163)	(872,163)
BALANCE AT 31 DECEMBER 2008	2,328,401	1,228,750	(1,734,564)	1,822,587
BALANCE AT 1 JULY 2009	2,328,401	1,228,750	(2,050,419)	1,506,732
Total Comprehensive income / (loss) attributable to members of the Company	-	-	(354,255)	(354,255)
BALANCE AT 31 DECEMBER 2009	2,328,401	1,228,750	(2,404,674)	1,152,477

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CASHFLOWS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2009**

	Half-year 2009 \$	Half-year 2008 \$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(241,476)	(566,234)
Interest received	7,631	37,627
Finance costs	-	(3,553)
Net cash flows from/(used in) used in operating activities	<u>(233,845)</u>	<u>(532,160)</u>
Cash Flows From Investing Activities		
Proceeds from sale of plant & equipment	<u>-</u>	<u>90,909</u>
Net cash from/(used in) investing activities	<u>-</u>	<u>90,909</u>
Cash Flows from Financing Activities		
Repayment of borrowings	<u>-</u>	<u>(158,554)</u>
Net cash from / (used in) financing activities	<u>-</u>	<u>(158,554)</u>
Net increase / (decrease) in Cash and Cash Equivalents	(233,845)	(599,805)
Cash and Cash Equivalents at the Beginning of the Half-Year	<u>1,388,625</u>	<u>2,208,668</u>
Cash and Cash Equivalents at the End of Half-Year	<u>1,154,780</u>	<u>1,608,863</u>

The accompanying notes form part of these financial statements.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2009**

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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 Global Iron Limited during the interim reporting 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.

Significant Accounting Policies

These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2009.

Changes in Accounting Policies

From 1 July 2009 the Company has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009.

- AASB 8 – Operating Segments

This standard requires disclosure of the Company's operating segments and replaces the requirement to determine primary and secondary reporting segments. Adoption of this standard did not have any impact on the financial position or performance of the Company.

- AASB 101 – Presentation of Financial Statements (Revised)

The revised standard introduces the requirement to produce a Statement of Comprehensive Income that presents all items of recognized income and expense.

- AASB 2009-2 – Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments

The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs. Adoption of this standard did not have any impact on the financial position or performance of the Company.

The Company has not elected to early adopt any new standards or amendments.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2009(continued)**

Going Concern

Subsequent to 31 December 2009, the Company has entered into a Share Sale Agreement to acquire African Petroleum Corporation Limited ("APCL"). One of the conditions precedent to the completion of the Share Sale Agreement is that the Company successfully raises at least \$130 million and up to \$230 million. The capital raising will result in the Company being well funded and able to carry out planned exploration programs.

In the event that the Share Sale Agreement is not completed, the company will remain focused on the exploration and development of its existing mineral assets. Positive exploration and development results will be a key factor in the Company's ability to attract funding and meet its financial commitments in relation to these mineral assets in the future.

The Company's ability to continue as a going concern depends on the completion of the Share Sale Agreement and capital raising and its ability to obtain financing through equity financing, joint ventures or other arrangements in relation to its existing mineral assets.

2. DIVIDENDS

No dividends have been paid or proposed during the six month period ended 31 December 2009.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2009 (continued)**

3. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2009 \$	30 June 2009 \$
Opening balance	216,791	-
Exploration expenditure capitalised	-	538,997
Less Impairment of exploration & evaluation expenditure	(35,770)	(322,206)
	<u>181,021</u>	<u>216,791</u>
- Exploration and evaluation phases	<u>181,021</u>	<u>216,791</u>

The company has assessed the carrying amount of the exploration and evaluation expenditure in accordance with AASB6 – ‘Exploration for and Evaluation of Mineral Resources’ and has recognised an impairment loss of \$35,770 during the period. This amount is shown as a separate line item on the Statement of Comprehensive Income.

The value of the Company’s interest in exploration expenditure is dependent upon:

- the continuance of the Company’s rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and commercial exploitation of the areas of interest, or alternatively, by their sale.

The Company’s exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

4. SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources. The Company has only one operating segment, being mineral exploration in Australia.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2009 (continued)**

5. EVENTS SUBSEQUENT TO REPORTING DATE

On 9 February 2010 the Company entered into a Share Sale Agreement to acquire African Petroleum Corporation Limited ("APCL"). Under the terms of the agreement, the Company will acquire up to 100% (and no less than 95%) of APCL by issuing APCL shareholders 906,250,050 fully paid ordinary shares in the Company, subject to a number of conditions being satisfied including the successful completion of due diligence, the receipt of shareholder approval in relation to the acquisition and the Company successfully completing a capital raising of at least \$130 million and up to \$230 million.

The capital raising will be undertaken by way of a placement of shares at \$0.55 per share. The placement is also subject to shareholder approval.

The issue of shares to APCL shareholders is considered a business combination under the accounting standard AASB-3R "Business Combinations" and will be prepared using reverse acquisition principles as the Company's existing shareholders' interest post the acquisition and the capital raising will be reduced to approximately 1.56% assuming the minimum capital raising and approximately 1.35% assuming the maximum capital raising.

As at the date of this report, the acquisition of APCL has not yet completed. Consequently, the acquisition accounting has not yet been prepared.

6. COMMITMENTS AND CONTINGENCIES

	31 December 2009	31 June 2009
	\$	\$
(a) Remuneration Commitments		
Commitments for the payment of consultancy fees under long term contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within 1 year	371,667	446,000
Later than 1 year and not later than 5 years	-	119,500
Later than 5 years	-	-
	371,667	565,500

(c) Minimum Exploration Expenditure Commitments

The Company does not own tenements in its own right and therefore does not have any commitments for minimum exploration expenditure.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes, as set out on the accompanying pages, are in accordance with the Corporations Act 2001 including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) 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
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Timothy Turner
Director

Perth, 9 March 2010

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Independent Auditor's Review Report To the Members of Global Iron Limited

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

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation 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 the 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 Company'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 Global Iron Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 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 Global Iron Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company's financial position as at 31 December 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.



GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants



M J Hillgrove
Partner

Perth, 9 March 2010

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