ANNUAL REPORT

2012

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

"Becoming a major base metal miner"

IRONBARK Zinc Limited

2012 IRONBARK ZINC LIMITED (ABN: 93 118 751 027) AND CONTROLLED ENTITIES

CONTENTS

CORPORATE DIRECTORY

NON EXECUTIVE CHAIRMAN
Peter Bennetto

EXECUTIVE MANAGING DIRECTOR
Jonathan Downes

EXECUTIVE TECHNICAL DIRECTOR
Adrian Byass

EXECUTIVE ENGINEERING DIRECTOR
Gregory Campbell

NON EXECUTIVE DIRECTOR
David Kelly
John McConnell
Greg McMillan
Gary Comb

COMPANY SECRETARY
Robert Orr

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LETTER FROM THE MANAGING DIRECTOR

DEAR SHAREHOLDERS

Your Company finishes this productive year in a strong financial position and remains focused on developing our wholly owned and very valuable Citronen base metal project. During the year we achieved some significant positive milestones including a resource upgrade at Citronen showing a 53% increase in mineralisation in the Measured and Indicated categories (of sufficient confidence to now be evaluated for mining), as well as numerous engineering and mine schedule updates that saw the mining rate likely to be increased by 10% and an increase in the mine head grade of 23%. Ironbark is working with China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd (NFC) on finalising the capital costs relating to Citronen feasibility study and with a view to delivering an integrated development and funding proposal. We also adopted a US$50M funding facility (Funding Facility) provided by Glencore International AG (Glencore) to grow Ironbark corporately.

Despite the positive developments with both the Citronen project and our funding facility, it remains a very frustrating environment for both the Company and shareholders in seeking to develop a major base metal project. Many of our base metal peers, especially those in production, have encountered extreme difficulties. This environment is however increasingly presenting exceptional growth opportunities from a corporate perspective which we have been working extensively on delivering value accretive results. We have not been able to crystallise a value adding corporate transaction as yet, but have several new opportunities that we are currently pursuing and we remain confident that the growth facility will be utilised. The tough environment and limited global zinc mine developments will make for a much stronger base of growth for Ironbark when a recovery is realised. Unfortunately some delays have been suffered to our preferred development timetables as a result of zinc trading at close to the average marginal cost of production, but we continue to work on improving the engineering aspects of the project with success and improvements constantly being made on many levels.

To ensure that Ironbark can endure an extended period of hardship we have implemented significant cost cutting measures. This has maintained a high workload for staff, and safeguards the cash reserves held by Ironbark.

Looking to the future we are excited by the inevitable impending shortage of zinc metal and zinc mines. With the reduction in the number of our peers we expect the future will be very bright and Citronen will become an important part in filling the Global zinc demand. In addition to this we have had strong exploration success at our Washington Land, Captains Flat and Peak View exploration properties with further work planned at all of these properties.

Ironbark remains well supported by our major shareholders of leading global miners, traders, smelters and engineers and the Company is in a unique and strong position to both continue to develop Citronen, and to find a high value acquisition.

Your on-going support and patience is greatly appreciated and your executives remain diligent and focused. I am pleased to speak with any shareholder personally and welcome hearing all views and observations that can help grow our business.

Yours sincerely,

Jonathan Downes
Managing Director

DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2012.

DIRECTORS

The names of Directors in office at any time during or since the end of the year are:

Mr Peter Bennetto	Non Executive Chairman
Mr Jonathan Downes	Executive Managing Director
Mr Adrian Byass	Executive Technical Director
Mr Gregory Campbell	Executive Engineering Director
Mr David Kelly	Non Executive Director
Mr John McConnell	Non Executive Director
Mr Greg McMillan	Non Executive Director
Mr Gary Comb	Non Executive Director (appointed 30 January 2012)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Mr Robert Orr, CA holds the position of Company Secretary. Mr Orr has acted as Chief Financial Controller and Company Secretary for a number of ASX listed companies, with over 20 years experience in public practice and commerce. He has worked extensively in the resource industry with experience in capital markets, project development, contract negotiation and mining operations.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were the exploration and evaluation of the group's zinc and gold ground holdings. There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

OPERATING RESULTS

The consolidated loss of the Consolidated Entity after providing for income tax amounted to $57,419,072 (2011: $2,061,418).

DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

REVIEW OF OPERATIONS

Ironbark is pleased to report to its shareholders a summary for the substantial work conducted over the year ending 30 June 2012. The Company's focus has remained directed towards Citronen with the aim of developing Citronen into a major base metal mine and also to take advantage of the extremely challenging market conditions through the application of a US$50M funding facility provided by Glencore International AG (Glencore). The Company retains a solid working capital position.

Some of the significant achievements made by Ironbark reported to shareholders during the year include;-

MAJOR RESOURCE UPGRADE AT CITRONEN

Ironbark reported a major resource upgrade at the Citronen base metals project which delivered a significant increase in material in the Measured and Indicated resource categories.

Drilling at Citronen focused on resource definition and infill drilling at the Esrum deposit, plus extension drilling around high-grade areas at the Beach zone. The program was designed to upgrade additional existing Inferred resources into the Indicated and Measured categories. Drilling was highly successful and allowed a large, continuous high-grade zone of mineralisation extending for approximately 1 kilometre to be upgraded into Indicated category at Esrum, with a highlight result of 3.7m @ 11.5% zinc + lead within.

The extent of the Esrum high grade zone is yet to be fully identified. Currently, a significant portion of Esrum resources remain in the Inferred category.

The resource upgrade for Citronen was based on results from the Company's 2011 drilling season, and was the culmination of over 66,000 metres of diamond drilling at the project in total since discovery. As a result the resource has been substantially expanded and increased in both grade and confidence level.

The new resource has provided a greater continuity of the higher grade material and a better understanding of the mineralisation distribution at Citronen. Highlights of the new resource numbers are as follows;

The updated, 2012 Global Resource estimate is 132Mt @ 4.5% zinc + lead (at a 2.0% zinc cut-off)

An updated Medium grade 2012 Resource estimate of 71Mt @ 5.7% zinc + lead was calculated (at a 3.5% zinc cut-off)

Highlights of 2012 resource included;

- 53% increase in resources within the Indicated and Measured category
- 11% increase in total contained metal inventory
- Global metal inventory at Citronen increased to 13.1 billion pounds of zinc and lead (at a 2.0% zinc cut-off)
- 10% increase in zinc + lead grade (at quoted zinc cut off grades)

An increase in resource confidence and understanding of mineralisation at Citronen were key outcomes of the 2011 field season, and this information has been utilised in ongoing mining optimisation work.

MAXIMISING THE VALUE OF THE CITRONEN PRODUCTION MODEL

Following the release of the resource upgrade, optimisation of the Citronen resource model has shown a substantial increase in the tonnes available for production evaluation – at a 23% higher grade than previously estimated.

Mineable Shape Optimiser (MSO) evaluations on the new resource model have been run by an independent mining contracting group.

MSO is an underground optimisation tool that maximises the value of a resource, to determine the volumes of optimised material that can be evaluated for production.

The preliminary results of this process showed a substantial increase in tonnage of the material available for production evaluation at Citronen, and, at a 23% higher grade than was previously estimated.

The 23% increase in grade in the underground optimised mineral inventory equates to 39.1 Mt at 6.18% zinc (2.4 million tonnes zinc metal) and 0.53% lead.

This has resulted in an increase in the projected feed grade, after Dense Media Separation (DMS), to 10.1% zinc + lead (9.3% zinc + 0.8% lead) with a 35% rejection and including 15% fines bypass to direct feed.

The increase in grade is another exciting and positive development, and is expected to have a very positive impact on the ongoing feasibility study at Citronen.

MOU WITH CHINA NONFERROUS TO ADVANCE CITRONEN PROJECT

Ironbark is working with China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd (NFC) and Arccon (a subsidiary of the Allmine Group) to establish the development program and associated costs for the delivery of the definitive feasibility study for Citronen.

The non-binding Memorandum of Understanding ("MOU") establishes the framework for formal agreements for; NFC to engineer, design, procure, supply, construct, test and commission the project on a full turnkey basis; NFC to facilitate funding of the project development costs from major Chinese banks; and NFC entering into an offtake agreement for the concentrate of the Project (or a portion thereof).

NFC is one of China's leading construction and engineering groups, and is listed on the Shenzen Stock Exchange. It operates a wide range of mines and processing plants around the world. Arccon (WA) Pty Ltd, a subsidiary of ASX-listed Allmine Group Ltd, is a leading Perth-based design, engineering and construction group.

GLENCORE PARTNERSHIP TO DRIVE EXPANSION

Ironbark entered into a US$50 million funding facility with Glencore, at a significant premium to our prevailing share price, to fund the Company's growth acquisition strategy.

The facility provides Ironbark with significant funding to pursue acquisition opportunities consistent with our strategy to become an international base metals mining company. It also further strengthens our strategic relationship with Glencore and secures favourable off-take and marketing arrangements for future production from Ironbark projects.

The funding is via a convertible note facility which will be provided subject to completion of certain conditions in two tranches.

Tranche 1: US$30 million may be converted into Ironbark shares at A$0.42 per share at the election of either Glencore or Ironbark, and

Tranche 2: US$20 million may be converted into Ironbark shares at A$0.50 per share at the election of Glencore

Also, Ironbark has agreed offtake and marketing arrangements with Glencore for a portion of the Company's production. This includes production from the Citronen Base Metal Project in Greenland, and any production from an acquisition made by utilising the Funding Facility.

The Transaction is an exciting progression in the development of Ironbark. It will enable us to take advantage of considerable external growth opportunities that currently exist in the market and it also complements the work being undertaken at our flagship Citronen project to bring it into production. The facility was subject to shareholder approval which was obtained at a General Meeting held on 20 December 2011.

CITRONEN DEFINITIVE FEASIBILITY STUDY UPDATE

Ironbark released a comprehensive update on the Feasibility Study for the Citronen Project. The study is focused on developing Citronen into a large scale, long life base metal mining operation. This took into consideration changes in the resource model and advances in mining scenarios.

The study is based on a 3 million tonne per annum mining operation to produce 175,000-275,000tpa of 52% zinc concentrate and 10,000-26,000tpa of 50% lead concentrate over a mine life of at least 13 years, with substantial potential for a much longer mine life.

Work on the project is ongoing and we aim to take advantage of a significant market opportunity, as many of the world's major zinc mines are coming towards the end of their mine life at a time where there are very few new large scale mines in the global pipeline.

The majority of the resource base is in the Measured and Indicated category and remains open to further mineralisation in most directions.

Projected Capital Costs are estimated to be US$502 million prior to review by NFC and opportunities for capital cost reductions have already been identified. The target Life of Mine average operating cost for Citronen is US$57.87/t ore (net of by-product credits). Life of Mine Revenue may exceed US$3.2 Billion.

Other findings of the Feasibility Study update included that the project will operate on an industry standard flowsheet which will result in recovery of +85% of zinc mined and around 60% of lead mined overall. Further testwork is ongoing. The project will deliver a clean and saleable concentrate product, of 55% zinc.

The project has low sovereign risk. Greenland has a supportive, pro-mining environment that operates under European law.

The Company provided a subsequent project update on activities at the Citronen project which included an open pit optimisation upgrade and a potential increase in plant throughput capacity.

OPEN PIT STUDY RESULTS

The results of open pit mining studies at the Citronen project have indicated that a larger than previously optimised source of fresh sulphide mineralisation is available of more than nine million tonnes. This will provide a valuable addition to the larger and higher grade underground mineral inventory at Citronen that could extend the mine life by approximately 3 years.

KEY OPEN PIT STUDY FINDINGS

- Mill feed tonnage derived from open pit optimisations has increased by over 15% without a reduction in head grade.
- Only Measured and Indicated resources have been included in reported tonnage to allow Proven and Probable classification on completion of the Feasibility Study.
- This also allows delivery of information in a final form to China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd (NFC) to conclude capital cost evaluation of the project construction.

EXPANDED PROCESSING THROUGHPUT

Engineering work indicated that the existing process plant design has the potential to treat ore at a peak rate equivalent to 3.6 Mtpa million tonnes per annum throughput, by upgrading the primary and secondary crushers and other plant modifications, with a relatively small additional capital cost. Mining studies have shown that mining at a peak rate of 3.6Mtpa is feasible from the Citronen Resource.

Ironbark and NFC will investigate the maximum continuous production rate that could be obtained through these changes. An increase in processing rate would have a positive impact on the project's peak revenue generation, profitability, mine life, fleet and development requirements.

OTHER GREENLAND PROJECTS - EXPLORATION SUCCESS

The Washington land and Mestersvig base metal projects were drilled in addition to Citronen during the year.

WASHINGTON LAND

Ironbark reported high-grade zinc-lead-silver-barite mineralisation from our maiden drill program at the wholly owned Washington Land project. A diamond drilling program was conducted to follow-up limited work done by Rio Tinto under a joint venture with Platinova AS at the Cass prospect within the project in 1999. The Cass prospect is situated in the Franklinian Basin which also hosts the Citronen project and Polaris and Nanisivik's historic high-grade lead and zinc mines in Baffin Land, Canada.

All holes drilled in Ironbark's program (over a 2.7km strike) were mineralised and the results validate the project's potential to host a large scale base metal resource. Highlight results included;

- 3m @ 16.4% zinc + lead, 77 g/t silver within 17m @ 4.1% zinc + lead, 23 g/t silver from 48m downhole.

Ironbark has established a comprehensive camp facility at Washington Land and has its own diamond drill rig at the project.

MESTERSVIG PROJECT

Drilling intersected high-grade base metal mineralisation at the wholly owned Mestersvig project in eastern Greenland. Three diamond holes were drilled at the historic Blyklippen lead-zinc mine and another three at the Sortebjerg prospect. All holes intersected mineralisation, and results included;

- 1.1m @ 12.2% zinc + lead and 8.2 g/t silver from 263m at Blyklippen;
- and 2.5m @ 8.9% zinc + lead, 2 g/t silver and 1.0m @ 17.3% zinc + lead, 4 g/t silver at Sortebjerg.

The results confirm the continuation of high-grade mineralisation at depth below the Blyklippen mine and open ended mineralisation at the Sortebjerg regional prospect.

AUSTRALIAN PROJECTS

Exploration delivered high-grade precious and base metals results from the Peak View copper, lead, zinc and silver project in the Lachlan Fold Belt in NSW.

The results came from an 11 hole, 1,709 metre drill program was designed to follow up on historic drilling at the project by Western Mining Corporation Limited in the 1970's. Ironbark's drill program was successful in confirming the extension of high-grade mineralisation along strike and down-dip and in extending known mineralisation. The mineralisation remains open along strike to the north and south. Significant results included:

- 3.2m @ 7.5% zinc + lead and 2.7% copper from 53.0m;
- 5.6m @ 4.4% zinc + lead, 0.8% copper, 256 g/t silver from 48.7m (including; 1.2m @ 7.4% zinc + lead, 1.9% copper and 880 g/t silver from 49.7m) and;
- 11.0m @ 25.8% zinc + lead, 1.0% copper and 119 g/t silver from 152.5m

Ironbark is excited by the results which have highlighted the economic potential of Peak View. Further work at the project will be planned.

CAPTAINS FLAT PROJECT

Ironbark's joint venture partner, NSW Base Metals Pty Ltd (a subsidiary of Glencore International AG) reported encouraging base metals intersections from a diamond drill hole at the Jerangle Prospect, within the Captains Flat Base Metal Project, New South Wales. Significant results included;

- 43.3m @ 1.9% zinc, 0.3% lead, 0.14% copper and 3.8 g/t silver from 355.5m downhole, and high grade zones included;
- 2.2m @ 8.0% zinc and 4.4m @ 5.0% zinc (378.0 and 386.8m downhole respectively.

IRONBARK STRENGTHENS BOARD AND WELCOMES GARY COMB

Ironbark announced the appointment of Mr. Gary Ernest Comb to the Board of Ironbark as a Non Executive Director. Mr. Comb is an engineer with over 25 years of experience in the Australian mining industry and has a strong track record in successfully commissioning and operating base metal mines. Mr. Comb's appointment is consistent with Ironbark's vision to transition into a profitable major base metal miner. Mr. Comb will add considerable depth to the Board and is part of the evolution of Ironbark towards a production focus. He was recently the Managing Director of Jabiru Metals Limited ("Jabiru") where he was successful in taking the Jaguar base metal project into production with the commissioning of the mine and processing plant taking place during the Global Financial Crises. Jabiru became a bottom quartile cost producer and subsequently was subject to a $532M takeover in early 2011.

Mr. Comb was previously the Chief Executive Officer of BGC Contracting Pty Ltd, the mining contracting arm of the West Australian construction group BGC Pty Ltd. He is currently also a director of Zenith Minerals Limited and YTC Resources Limited.

ABOUT CITRONEN

The wholly owned Citronen base metal project currently hosts in excess of 13.1 billion pounds of zinc (Zn) and lead (Pb). Engineering work is currently being undertaken by China Nonferrous Metal Mining (Group) Co., Ltd on Citronen. The studies are based on an Ordinary Kriging methodology estimated mineral inventory of;

The current JORC compliant resource for Citronen:

Medium grade resource of:

Resource Category	Mt	Zn %	Pb %	Zn+Pb%
Measured	25.0	5.0	0.5	5.5
Indicated	26.5	5.5	0.5	6.0
Inferred	19.3	4.7	0.4	5.1
Total	70.8	5.1	0.5	5.7

Using Ordinary Kriging interpolation and reported at a 3.5% Zn cut-off
Figures rounded to one decimal place

within a larger resource of:

Resource Category	Mt	Zn %	Pb %	Zn+Pb%
Measured	43.1	4.1	0.5	4.6
Indicated	51.2	4.1	0.4	4.6
Inferred	37.7	3.8	0.4	4.2
Total	132.0	4.0	0.4	4.5

Using Ordinary Kriging interpolation and reported at a 2.0% Zn cut-off
Figures rounded to one decimal place

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr A Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG an employee of Ironbark Zinc Limited. Mr Byass has sufficient experience that is relevant to the style of mineralisation and type of deposit 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 Byass consents to the inclusion in the report of the matters based on this information in the form and context in which it appear.

FINANCIAL POSITION

The net assets of the consolidated group have decreased from $151,747,678 in 2011 to $94,730,405 in 2012. This is primarily as a result of the impairment in the Citronen project during the year.

The group's working capital, being current assets less current liabilities, has decreased from $13,025,583 in 2011 to $4,172,819 in 2012.

The Directors believe the group is in a strong and stable financial position to expand and grow its current operations.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

i. Ironbark announced on 1 September 2011 that it had signed a non-binding Memorandum of Understanding ("MOU") with one of China's leading construction and engineering groups, China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd ("NFC") and Arccon (WA) Pty Ltd ("Arccon"), a subsidiary of the Allmine Group Limited (ASX:AZG).

ii. On 14 October 2011, the Company has entered into a US$50 million Convertible Note funding facility and offtake facility pursuant to a transaction with a wholly owned subsidiary of Glencore International AG ('Glencore'). The Convertible Note is at a conversion price of AUD$0.42 for the first US$30 million (at Ironbark or Glencore's election to convert) and AUD$0.50 for the next US$20 million (at Glencore's election to convert).

iii. On 30 January 2012, the Company appointed Gary Comb to the Board of Ironbark as a Non-executive Director.

AFTER BALANCE DATE EVENTS

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

ENVIRONMENTAL ISSUES

The Consolidated Entity is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

INFORMATION ON DIRECTORS

Mr Peter Bennetto	Non Executive Chairman
Qualifications	GAICD, SA Fin
Experience	Mr Bennetto has over 30 years experience in banking and investment. He has had deep involvement in capital, currency and commodity markets with Societe Generale and Banque Indosuez. Mr Bennetto has held company Director positions in exploration, mining and manufacturing companies listed on the ASX since 1990. Mr Bennetto was a founding Director of Anaconda Nickel Ltd and is Non Executive Director of Waratah Resources Limited (listed 17 July 2008).
Interest in Shares and Options	274,000 fully paid ordinary shares and 1,000,000 options in Ironbark.
Directorships held in other listed entities	Waratah Resources Limited from 17 July 2008 to date

Mr Jonathan Downes	Executive Managing Director
Qualifications	BSc Geol, MAIG
Experience	Mr Downes has over 15 years experience in the minerals industry and has worked in various geological and corporate capacities. Mr Downes has experience in nickel, gold and base metals and has been intimately involved with numerous private and public capital raisings. Mr Downes was a founding Director of Hibernia Gold (now Moly Mines Limited) and Siberia Mining Corporation Limited. Mr Downes was an Executive Director of Siberia Mining Corporation Limited and is currently a Non Executive Director of Corazon Mining Limited, Wolf Minerals Limited and Waratah Resources Limited.
Interest in Shares and Options	8,385,000 fully paid ordinary shares and 2,000,000 options in Ironbark.
Directorships held in other listed entities	Corazon Mining Limited from 10 April 2006 to date Wolf Minerals Limited from 20 September 2006 to date Sabre Resources Limited from 14 December 2007 to date Waratah Resources Limited from 17 July 2008 to date

Mr Adrian Byass	Executive Technical Director
Qualifications	BSc Geol (Hons), B Econ, FSEG, MAIG
Experience	Mr Byass has over 15 years experience in the mining and minerals industry. This experience has principally been gained through mining, resource estimation, and mine development roles for several gold and nickel mining and exploration companies. Through his experience in resource estimation and professional association membership, Mr Byass is a competent person for reporting to the ASX for certain minerals. Mr Byass has also gained experience in corporate finance and financial modelling during his employment with publicly listed mining companies. Mr Byass was a founder of Siberia Mining Corporation Limited and Hibernia Gold (now Moly Mines Limited). Mr Byass is currently a Non Executive Director of Wolf Minerals Limited and was appointed as a Non Executive Director of Corazon Mining Limited on 3 September 2009.
Interest in Shares and Options	10,455,454 fully paid ordinary shares and 1,500,000 options in Ironbark.
Directorships held in other listed entities	Wolf Minerals Limited from 20 September 2006 to date Corazon Mining Limited from 3 September 2009 to date Plymouth Minerals Limited from 17 June 2010 to date

Mr Gregory Campbell	Executive Director
Qualifications	B Eng (Hons), MAusIMM, MIEAust
Experience	Mr Campbell has 20 years engineering experience across Australia primarily in the iron industry. Mr Campbell has experience in process and chemical engineering as well as operating, marketing and financial analysis of projects in the metals industry. This experience has been gained in various capacities including 8 years with BHP Limited in a range of engineering and technical roles, 8 years in senior engineer consultancy roles with Aker Kvaerner and Promet Engineers and process engineering work for Ausmelt Limited.
Interest in Shares and Options	1,500,000 fully paid ordinary shares and 2,500,000 options in Ironbark
Directorships held in other listed entities	Nil

INFORMATION ON DIRECTORS (CONTINUED)

Mr David Kelly	Non Executive Director
Qualifications	BCom, CA
Experience	Mr Kelly is a qualified Chartered Accountant and has over 10 years experience in finance positions in Australia and the United Kingdom, including senior roles with Chartered Accountants Deloitte Touche Tohmatsu and Royal and SunAlliance Insurance.
Interest in Shares and Options	Nil
Directorships held in other listed entities	Nil

Mr John McConnell	Non Executive Director
Qualifications	BSc Min Eng
Experience	Mr McConnell is a Canadian mining engineer with a wealth of experience in developing and operating base metal and precious mineral mining operations in the Arctic. Mr McConnell has over 30 years of mining experience including exploration, engineering, environmental assessment and permitting, construction and operations. Recently, Mr McConnell was President and CEO of Western Keltic Mines until it was acquired by Sherwood Copper. Prior to that Mr McConnell was the Vice President of Northwest Territories Projects for De Beers Canada. Mr McConnell is currently President, CEO and Director of Victoria Gold Corp. He is a graduate of the Colorado School of Mines with a Bachelor of Science in Mining Engineering.
Interest in Shares and Options	80,000 fully paid ordinary shares and 700,000 options in Ironbark
Directorships held in other listed entities	Victoria Gold Corp from 8 January 2009 to date

Mr Greg McMillan	Non Executive Director
Qualifications	BCom, MBA
Experience	Mr McMillan was appointed Chief Operating Officer in August 2007 for Nyrstar's global operations. Before the creation of Nyrstar he was general manager of the Zinifex Century Mine and prior to this general manager at the Hobart smelter. Before Zinifex he held several management positions at Delta Group, Boral and Brambles Limited. He holds a Certificate of Production Engineering from the Sydney Institute of Technology, a Bachelor of Commerce from Griffith University and a Master of Business Administration from the Australian Graduate School of Management, University of NSW, Australia.
Interest in Shares and Options	Nil
Directorships held in other listed entities	Nil

Mr Gary Comb	Non Executive Director
Qualifications	BE Mech, BSc, Dip Ed
Experience	Mr Comb has spent over 25 years in the Australian Mining Industry, both with mining companies and in mining contractor roles. He was previously the Chief Executive Officer of BGC Contracting Pty Ltd, the mining contracting arm of West Australian construction group BCG Ltd and Managing Director of Jabiru Metals Limited.
Interest in Shares and Options	Nil
Directorships held in other listed entities	Zenith Minerals Limited from 2 March 2007 to date YTC Resources Limited from 4 July 2012 to date

REMUNERATION REPORT – AUDITED

This report details the nature and amount of remuneration for each key management person of Ironbark, and for the executives receiving the highest remuneration.

REMUNERATION POLICY

The remuneration policy of Ironbark has been designed to align key management personnel 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 consolidated group's financial results. The Board of Ironbark believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Consolidated Group, as well as create goal congruence between Directors, Executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Consolidated Group is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the remuneration committee and approved by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.
- The remuneration committee reviews key management personnel packages annually by reference to the Consolidated Group's performance, executive performance and comparable information from industry sectors.

The Company is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, Directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry.

Options have previously been issued to Directors to provide a mechanism to participate in the future development of the Company and an incentive for their future involvement with and commitment to the Company.

Further options and performance incentives may be issued in the event that the entity moves from an exploration entity to a producing entity, and key performance indicators such as profits and growth can be used as measurements for assessing board performance.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The remuneration committee 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 subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

The employment conditions of the Managing Director, Mr Jonathan Downes and other key management personnel are formalised in contracts of employment. All key management personnel are permanent employees of Ironbark.

The employment contract states a three-month resignation period. The Company may terminate an employment contract without cause by providing one to three months' written notice or making payment in lieu of notice, based on the individual's salary component.

REMUNERATION REPORT – AUDITED (CONTINUED)

Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

Group Key Management Personnel	Position held as at 30 June 2012 and any change during the year	Contract details (duration and termination)	Proportion of elements of remuneration related to performance			Proportion of elements of remuneration not related to performance	
			Non-Salary cash-based incentives %	Shares/ Units %	Options /Rights %	Fixed salary/ Fees %	Total %
Peter Bennetto	Non-Executive Chairman	No fixed term. 3 months notice required to terminate.	-	-	-	100	100
Jonathan Downes	Executive Managing Director	No fixed term. 3 months notice required to terminate.	-	-	-	100	100
Adrian Byass	Executive Director	No fixed term. 3 months notice required to terminate.	-	-	-	100	100
Gregory Campbell	Executive Director	No fixed term. 3 months notice required to terminate.	-	-	-	100	100
David Kelly	Non-Executive Director	No fixed term. Upon advice from Nominee Glencore, required to terminate.	-	-	-	-	-
John McConnell	Non-Executive Director	No fixed term. 3 months notice required to terminate.	-	-	-	-	-
Greg McMillan	Non-Executive Director	No fixed term. Upon advice from Nominee Nyrstar, required to terminate.	-	-	-	-	-
Gary Comb	Non-Executive Director	No fixed term.	-	-	-	100	100
Robert Orr	Chief Financial Officer and Company Secretary	No fixed term. 3 months notice required to terminate.	-	-	-	100	100

REMUNERATION REPORT – AUDITED (CONTINUED)

(a) Key Management Personnel Remuneration

	Short Term Benefits		Share Based Payments	Post Employment Benefits	Total
	Salary and fees	Others	Options	Superannuation	
2012	$000	$000	$000	$000	$000
Peter Bennetto	92	-	-	8	100
Adrian Byass	150	-	-	14	164
Jonathan Downes	263	-	-	24	287
Gregory Campbell	236	-	-	21	257
Gary Comb	28	-	-	3	31
David Kelly	-	-	-	-	-
John McConnell	-	-	-	-	-
Greg McMillan	-	-	-	-	-
Robert Orr	225	-	-	20	245
	994	-	-	90	1,084
2011					
Peter Bennetto	88	-	123	8	219
Adrian Byass	253	-	185	13	451
Jonathan Downes	264	-	246	24	534
Gregory Campbell	226	-	246	20	492
John McConnell	-	-	61	-	61
David Kelly	-	-	-	-	-
Greg McMillan	-	-	-	-	-
Robert Orr	218	-	162	20	400
	1,049	-	1,023	85	2,157

Performance income as a proportion of total income

No bonuses were paid to executives or Non Executive Directors during the period.

(b) Options issued as part of remuneration for the year ended 30 June 2012

No options granted to Directors or employees during the 2012 financial year.

(c) Shares Issued on Exercise of Compensation Options

There were no options exercised during the year that were granted as compensation in prior periods.

MEETINGS OF DIRECTORS

During the financial year, eight meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Peter Bennetto	8	8	2	2	-	-
Jonathan Downes	8	8	2	2	-	-
Adrian Byass	8	8	-	-	-	-
Gregory Campbell	8	8	-	-	-	-
David Kelly	8	8	2	2	-	-
John McConnell	8	6	-	-	-	-
Greg McMillan	8	7	2	2	-	-
Gary Comb	2	2	-	-	-	-

INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the following Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium was $2,491 for each Director.

- Peter Bennetto
- Jonathan Downes
- Adrian Byass
- Gregory Campbell
- David Kelly
- John McConnell
- Greg McMillan
- Gary Comb

OPTIONS

At the date of this report, the unissued ordinary shares of Ironbark under option are as follows:

Grant Date	Date of Expiry	Exercise Price $	Number under Option 000
29/11/2007	22/11/2012	0.85	500
26/11/2009	26/11/2012	0.20	200
17/11/2010	16/11/2013	0.45	9,050
17/11/2010	16/11/2013	0.35	500
24/01/2012	31/12/2017	0.30	5,000
			15,250

PROCEEDINGS ON BEHALF OF THE COMPANY

Bedford Resources Holding Limited has commenced proceedings requesting that a nominated person be appointed as a Non-Executive Director of Ironbark. Ironbark is defending the claim.

A contractor has commenced proceedings in a Canadian Court against Ironbark's drilling contractor and has recently joined Ironbark to the proceedings in relation to an incident whilst drilling on site. Ironbark is defending the claim.

Apart from the above, no other person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and the objectivity of the auditor; and
- the nature of the services provided to not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid out to PKF Mack & Co Chartered Accountants for non-audit services provided during the year ended 30 June 2012:

Taxation compliance service	$8,400

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 16 of the Directors' Report.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.

Jonathan Downes
Executive Managing Director

Date: 21 September 2012

PKF MACK & CO

Chartered Accountants & Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF IRONBARK ZINC LTD

In relation to our audit of the financial report of Ironbark Zinc Ltd for the year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack and Co.

PKF MACK & CO

S Fermanis

SIMON FERMANIS
PARTNER

21 SEPTEMBER 2012
WEST PERTH,
WESTERN AUSTRALIA

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PO Box 609 | West Perth | Western Australia 6872 | Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		2012	2011
	NOTE	$000	$000
Other revenue	2	685	1,927
Gain recognised on disposal of interest in former associate		-	2,444
Administration expenses		(587)	(423)
Compliance expenses		(172)	(183)
Consultancy expenses		(1,059)	(95)
Director's fees		(124)	(75)
Employee benefits expense		(791)	(836)
Depreciation and amortisation expense	12	(15)	(434)
Equity compensation benefits	22	(716)	(1,182)
Exploration plant and equipment written off	12	-	(2,508)
Exploration expenditure written off	14	(53,943)	(165)
Insurance		(74)	(83)
Occupancy expenses		(229)	(229)
Share of net loss of associate		-	(247)
Cumulative loss reclassified from equity on impairment of available-for-sale financial assets		(475)	-
Loss before income tax expense	3	(57,500)	(2,089)
Income tax benefit	4	81	28
Loss for the year		(57,419)	(2,061)
Other comprehensive income			
Net change in fair value of available -for-sale financial assets		(315)	(254)
Other comprehensive income/(loss), net of tax		(315)	(254)
Total comprehensive loss for the year		(57,734)	(2,315)
LOSS PER SHARE			
Basic loss per share (cents)	7	(0.16)	(0.59)
Diluted loss per share (cents)	7	(0.16)	(0.59)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

		2012	2011
	NOTE	$000	$000
CURRENT ASSETS			
Cash and cash equivalents	8	4,162	12,268
Trade and other receivables	9	89	212
Other current assets	13	77	1,886
Income tax receivable	4	81	-
TOTAL CURRENT ASSETS		4,409	14,366
NON CURRENT ASSETS			
Plant and equipment	12	56	63
Exploration and evaluation expenditure	14	89,268	137,646
Financial assets	10	1,089	1,000
Other assets	13	145	149
TOTAL NON CURRENT ASSETS		90,558	138,858
TOTAL ASSETS		94,967	153,224
CURRENT LIABILITIES			
Trade and other payables	15	155	1,241
Short term provisions	16	82	100
TOTAL CURRENT LIABILITIES		237	1,341
NON CURRENT LIABILITIES			
Deferred tax liabilities	4	-	135
TOTAL NON CURRENT LIABILITIES		-	135
TOTAL LIABILITIES		237	1,476
NET ASSETS		94,730	151,748
EQUITY			
Issued capital	17	107,680	107,680
Reserves	18	2,105	49,665
Accumulated losses		(15,055)	(5,597)
TOTAL EQUITY		94,730	151,748

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Issued Capital	Accumulated Losses	Asset Revaluation Reserve	Option Reserve	Total
	$000	$000	$000	$000	$000
Balance at 1 July 2010	96,791	(3,559)	569	48,191	141,992
Loss for the year	-	(2,061)	-	-	(2,061)
Other comprehensive income					
Asset revaluation reserve	-	-	(254)	-	(254)
Total comprehensive income for the year	-	(2,061)	(254)	-	(2,315)
Transactions with owners, recorded directly in equity					
Issue of share capital	11,520	-	-	-	11,520
Transaction costs	(631)	-	-	-	(631)
Equity compensation benefit	-	-	-	1,182	1,182
Transfer to accumulated losses	-	23	-	(23)	-
Balance at 30 June 2011	107,680	(5,597)	315	49,350	151,748
Loss for the year	-	(57,419)	-	-	(57,419)
Other comprehensive income					
Asset revaluation reserve	-	-	(315)	-	(315)
Total comprehensive income for the year	-	(57,419)	(315)	-	(57,734)
Transactions with owners, recorded directly in equity					
Share based payment	-	-	-	716	716
Option lapsed	-	47,961	-	(47,961)	-
Balance at 30 June 2012	107,680	(15,055)	-	2,105	94,730

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		2012	2011
	NOTE	$000	$000
Cash Flows from Operating Activities			
Payments to suppliers and employees		(3,067)	(2,114)
Interest received		562	557
Other		423	510
Net cash flows used in operating activities	21	(2,082)	(1,047)
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(8)	(176)
Payments for exploration and evaluation		(6,532)	(15,593)
Payments for bonds and deposits		-	(1,775)
Payments for purchase of investments		(1,013)	-
Proceeds from sale of investments		-	927
Proceeds from disposal of associate		-	2,200
Proceeds from refund of deposit		1,529	-
Net cash flows used in investing activities		(6,024)	(14,417)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	11,520
Loan to related party		-	(16)
Payments for share issue cost		-	(631)
Net cash flows generated from financing activities		-	10,873
Net increase/(decrease) in cash and cash equivalents		(8,106)	(4,591)
Cash and cash equivalents at beginning of financial year		12,268	16,859
Cash and cash equivalents at end of financial year	8	4,162	12,268

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Ironbark Zinc Limited ('Ironbark' or the 'company') for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of Directors on 21 September 2012.

This financial report includes the consolidated financial statements and notes of Ironbark and controlled entities ('Consolidated Entity' or 'Group').

Ironbark is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

BASIS OF PREPARATION

The accounting policies set out below have been consistently applied to all years presented.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 as appropriate for profit oriented entities. The consolidated financial report of the Group comply with International Financial Reporting Standards (IFRSs) and Interpretations as issued by the International Accounting Standards Board (IASB).

Basis of Measurement

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Significant accounting estimates, judgments and assumptions

The preparation of financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next accounting period are:

i *Share based payment transactions*

The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using an appropriate valuation model. Refer to note 22 for further details.

ii *Impairment of exploration and evaluation assets and investments in and loans to subsidiaries*

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation asset.

Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

Refer to note 14 for further details.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Significant accounting estimates, judgments and assumptions (continued)

iii. Income tax expenses

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised. Refer to note 4 for further details.

iv. Classification of investments

The group has decided to classify investments in listed securities as available for sale. These securities are accounted for at fair value. Any increments or decrements in their value at year end are charged or credited to the revaluation reserves. Refer for note 10 for further details.

v. Project valuation

The variables used by the Directors in valuing the project are based on a series of assumptions provided by the executives and external consultants. The Company is currently completing a DFS and is seeking to support and affirm the project value. There is a risk that the assumptions used in present valuations and the change in prevailing market conditions could affect the project value.

b. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Ironbark as at 30 June 2012 and the results of all controlled entities for the year then ended. Ironbark and its controlled entities together are referred to in this financial report as the Group. The effects of all transactions between entities in the Group are eliminated in full.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 11 to the financial statements.

c. Exploration and Evaluation Assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of interest are current and either:

- The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- 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.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

An impairment exists when the carrying amount of capitalised exploration and evaluation expenditure relating to an area of interest exceeds its recoverable amount. The asset is then written down to its recoverable amount. Any impairment losses are recognised in the statement of comprehensive income.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment and depreciated over the life of the mine.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Where applicable, such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Impairment

i. Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised either in the statement of comprehensive income or revaluation reserves in the period in which the impairment arises.

ii. Exploration and Evaluation Assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount at the reporting date.

Exploration and evaluation assets are tested for impairment in respect of cash generating units, which are no larger than the area of interest to which the assets relate.

iii. Non-financial Assets other than Exploration and Evaluation Assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exits. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

e. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on either accounting profit or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax Consolidation

Ironbark and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under tax consolidation legislation.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

g. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10–40%
Exploration site equipment	10-40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of

comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

h. Financial Instruments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

i. Financial assets at fair value through profit or loss

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date.

ii. Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

iii. Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Purchases and sales of investments are recognised on trade-date being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale investments revaluation reserve are recognised in equity in the "available for sale revaluation reserve". When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing methods refined to reflect the issuer's specific circumstances.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

i. Fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate 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 (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

j. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Employee Benefits

i. Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within one year of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

ii. Employee benefits payable later than one year

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

iii. Superannuation

Contributions are made by the Group to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

iv. Employee benefit on costs

Employee benefit on costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

v. Options

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date.

The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

l. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts.

n. Revenue and Other Income

Interest revenue is recognised as it accrues. Dividend revenue is recognised when the right to receive a dividend has been established.

o. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

p. Receivables

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is raised when some doubt as to collection exists.

q. Earnings Per Share (EPS)

Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r. 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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

s. Investments

Interests in listed and unlisted securities are initially brought to account at cost.

Controlled entities are accounted for in the consolidated financial statements as set out in Note 1(b).

Other securities are included at fair value at reporting date. Unrealised gains/losses on securities held for short term investment are accounted for as set out in Note 1 (h) (i) financial assets at fair value through profit or loss. Unrealised gains/losses on securities held for long term investment are accounted for as set out in Note 1 (h) (iii) available for sale financial assets.

t. Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

u. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

v. Rounding of Amounts

The Company has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and Directors' Report have been rounded off to the nearest $000.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w. New standards and interpretations not yet adopted

The following Australian Accounting Standards have been issued or amended and are applicable to the annual financial statements of the parent company and consolidated group but are not yet effective. This assumes the following have not been adopted in preparation of the financial statements at the reporting date.

AASB No.	Title	Issue Date	Operative Date (Annual reporting periods beginning on or after)
9	Financial Instruments	Dec 2010	1 Jan 2015
10	Consolidation	Aug 2011	1 Jan 2013
11	Joint Arrangements	Aug 2011	1 Jan 2013
12	Disclosure of Interests in Other Entities	Aug 2011	1 Jan 2013
13	Fair Value Measurement	Sep 2011	1 Jan 2013
1053	Application of Tiers of Australian Accounting Standards	Jun 2010	1 Jul 2013
2010 – 2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Jun 2010	1 Jul 2013
2010 – 7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	Dec 2010	1 Jan 2013
2010 – 8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	Dec 2010	1 Jan 2012
2010 – 10	Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	Dec 2010	1 Jan 2013
2011 - 4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	Jul 2011	1 Jul 2013
2012 - 2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]	Jun 2012	1 Jan 2013
2012 - 3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	Jun 2012	1 Jan 2014
2012 - 5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]	Jun 2012	1 Jan 2013
20 (Australian Interpretations)	Stripping Costs in the Production Phase of a Surface Mine	Nov 2011	1 Jan 2013

NOTE 2: OTHER REVENUE

	2012	2011
	$000	$000
Operating activities		
– interest received	350	785
Cost recoveries	335	445
Profit/(loss) on sale of investments	-	697
Total Other Revenue	685	1,927

NOTE 3: LOSS BEFORE INCOME TAX EXPENSES

	2012	2011
	$000	$000
Losses before income tax have been arrived after charging the following items:		
Occupancy costs	229	229
Employee benefits expense	791	836
Foreign exchange loss	61	59
Superannuation expenses	48	49
Equity compensation benefits	716	1,182
Depreciation of non-current assets		
– plant & equipment	15	434
Share of net loss of associate	-	247
Exploration expenditure written off	53,943	165

NOTE 4: INCOME TAX BENEFIT

	2012	2011
	$000	$000
a. The components of tax benefit comprise:		
Current tax	81	28
Deferred tax	-	-
b. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2011: 30%)	(17,250)	(627)
Add:		
– Tax effect of:		
– Other non-allowance items	255	450
– Share based payments	215	355
– Provisions and accruals	136	17
– Accrued income	65	-
– Impairment of overseas investments	16,183	-
– Revenue losses not recognised	612	-
	17,466	822

NOTE 4: INCOME TAX BENEFIT (CONTINUED)

	2012	2011
	$000	$000
Less:		
– Exploration, evaluation and development expenditure	216	29
– Accrued income	-	68
– Other income	-	98
– Research and development tax concession rebate	81	28
	297	223
Income tax benefit attributable to entity	(81)	(28)
The applicable average weighted tax rates are	0%	0%

c. The income tax benefit relates to the receipt of a refundable tax offset for research and development expenditure incurred in the reporting period ended 30 June 2011.

As at the date of this report, the potential refundable tax offset for the reporting period ended 30 June 2012 has not been determined.

	2012	2011
	$000	$000
d. Deferred Tax balances recognised:		
Deferred Tax Liabilities:		
At 30%		
Asset Revaluation Reserve	-	135
e. The following deferred tax balances have not been recognised:		
Deferred Tax Assets:		
At 30%		
Carried forward revenue losses	740	128
Carried forward capital losses	11	11
Provisions and accruals	31	38
Property, plant and equipment	3	3
Impairment of investments	143	-
	928	180

The tax benefits of the above Deferred Tax Assets will only be obtained if:

(a) The Company derives future assessable income of a nature and an amount sufficient to enable the benefits to be utilised; and

(b) The Company continues to comply with the deductibility conditions imposed by law; and

(c) No change in income tax legislation adversely affects the Company in utilising the benefits.

NOTE 4: INCOME TAX BENEFIT (CONTINUED)

	2012	2011
	$000	$000
Deferred Tax Liabilities:		
At 30%		
Exploration, evaluation and development expenditure	686	470
Accrued income	12	77
	698	547

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the Deferred Tax Asset has not been recognised.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

a. Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

Peter Bennetto	Non-Executive Chairman
Jonathan Downes	Executive Managing Director
Adrian Byass	Executive Director
Gregory Campbell	Executive Director
David Kelly	Non-Executive Director
John McConnell	Non-Executive Director
Greg McMillan	Non-Executive Director
Gary Comb	Non-Executive Director
Robert Orr	Chief Financial Officer and Company Secretary

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

b. Options and rights holdings

2012	Balance 1.7.2011	Granted as Compensation	Options Exercised	Net Change Other
Number of options held by key management personnel:	No. 000	No. 000	No. 000	No. 000
Peter Bennetto	1,000	-	-	-
Jonathan Downes	2,000	-	-	-
Adrian Byass	1,500	-	-	-
Gregory Campbell	2,500	-	-	-
John McConnell	700	-	-	-
Robert Orr	1,250	-	-	-
Total	8,950	-	-	-

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

	Balance 30.6.2012	Total Vested 30.6.2012	Total Exercisable 30.6.2012	Total Un-exercisable 30.6.2012
Number of options held by key management personnel:	No. 000	No. 000	No. 000	No. 000
Peter Bennetto	1,000	1,000	1,000	-
Jonathan Downes	2,000	2,000	2,000	-
Adrian Byass	1,500	1,500	1,500	-
Gregory Campbell	2,500	2,500	2,500	-
John McConnell	700	700	700	-
Robert Orr	1,250	1,250	1,250	-
Total	8,950	8,950	8,950	-

2011	Balance 1.7.2010	Granted as Compensation	Options Exercised	Net Change Other
Number of options held by key management personnel:	No. 000	No. 000	No. 000	No. 000
Peter Bennetto	-	1,000	-	1,000
Jonathan Downes	-	2,000	-	2,000
Adrian Byass	-	1,500	-	1,500
Gregory Campbell	500	2,000	-	2,500
John McConnell	200	500	-	700
Robert Orr	-	1,250	-	1,250
Total	700	8,250	-	8,950

	Balance 30.6.2011	Total Vested 30.6.2011	Total Exercisable 30.6.2011	Total Un-exercisable 30.6.2011
Number of options held by key management personnel:	No. 000	No. 000	No. 000	No. 000
Peter Bennetto	1,000	1,000	1,000	-
Jonathan Downes	2,000	2,000	2,000	-
Adrian Byass	1,500	1,500	1,500	-
Gregory Campbell	2,500	2,500	2,500	-
John McConnell	700	700	700	-
Robert Orr	1,250	1,250	1,250	-
Total	8,950	8,950	8,950	-

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

c. Shareholdings

2012	Balance 30.6.2011	Received as compensation	Options exercised	Net change other	Balance 30.6.2012
Number of shares held by key management personnel:	No. 000	No. 000	No. 000	No. 000	No. 000
Jonathan Downes	8,385	-	-	-	8,385
Peter Bennetto	274	-	-	-	274
Adrian Byass	10,455	-	-	-	10,455
Gregory Campbell	1,500	-	-	-	1,500
John McConnell	80	-	-	-	80
Total	20,694	-	-	-	20,694

2011	Balance 30.6.2010	Received as compensation	Options exercised	Net change other	Balance 30.6.2011
Number of shares held by key management personnel:	No. 000	No. 000	No. 000	No. 000	No. 000
Jonathan Downes	8,385	-	-	-	8,385
Peter Bennetto	274	-	-	-	274
Adrian Byass	10,335	-	-	120	10,455
Gregory Campbell	1,500	-	-	-	1,500
John McConnell	-	-	-	80	80
Total	20,494	-	-	200	20,694

d. Key management personnel compensation

	2012	2011
	$000	$000
The key management personnel compensation comprised:		
Short term employment benefits	994	1,049
Post-employment benefits	90	85
Share based payments	-	1,023
	1,084	2,157

(v) Individual Directors' and executives' compensation disclosure

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures as required by Corporation Regulation 2M.3.03 is provided in the remuneration report section of the Directors' Report.

Apart from the details disclosed in this note, no Director has entered into a material contract with the group since the end of the previous financial year and there were no material contracts involving Directors' interest existing at the year end.

(vi) Parent entity

The ultimate parent entity within the Group is Ironbark Zinc Limited.

(vii) Wholly-owned group transactions

(i) Loans to key management personnel
There were no loans to key management personnel at the end of the year.

NOTE 6: AUDITORS' REMUNERATION

	2012	2011
	$000	$000
During the financial year the following fees were paid or payable for services provided by PKF Mack & Co, the auditor of the Group:		
Audit or review of financial statements	86	82
Preparation of tax return	8	6
	94	88

NOTE 7: LOSS PER SHARE

	2012	2011
	$000	$000
a. Loss used to calculate basic EPS	(57,419)	(2,061)
Loss used in the calculation of dilutive EPS	(57,419)	(2,061)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	368,392,667	349,324,174
c. Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	368,420,319	349,361,572

NOTE 8: CASH AND CASH EQUIVALENTS

	2012	2011
	$000	$000
Cash at bank and in hand	162	2,268
Short term bank deposits	4,000	10,000
	4,162	12,268

The effective interest rate on short-term bank deposits was 5.5% (2011: 6%); these deposits have an average maturity of 90 days.

Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flow is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	4,162	12,268

NOTE 9: TRADE AND OTHER RECEIVABLES

	2012	2011
	$000	$000
Current		
GST receivable	44	43
Other receivables	16	16
Amounts received from		
– Other related parties	29	153
	89	212

NOTE 9: TRADE AND OTHER RECEIVABLES (CONTINUED)

Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

There are no balances within trade and other receivables that contain assets that are not impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full.

Refer to note 25 Financial Instruments for further details.

NOTE 10: FINANCIAL ASSETS

	2012	2011
	$000	$000
Available-for-sale financial assets	1,089	1,000
Available-for-sale financial assets comprise:		
Listed investments, at fair value		
Shares in listed corporations	1,089	1,000
Total available-for-sale financial assets	1,089	1,000

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	1,000	1,110
*Additions	1,013	1,000
Disposals	-	(927)
Revaluation increments/(decrements)	(924)	(183)
Closing fair value	1,089	1,000

**The addition in 2011 is not an actual purchase of financial asset. It was an investment that ceased to be accounted for using equity method as the Group has disposed of the majority of the share and now controls less than 20%. Hence, the investment is re-classified to financial assets.*

Refer to note 25 for further information on financial instruments.

NOTE 11: CONTROLLED ENTITIES

		Percentage owned	
	Country of incorporation	2012	2011
		%	%
Subsidiaries of Ironbark Zinc Limited:			
Bedford (No 3) Ltd	British Virgin Islands	100	100
Ironbark Zinc Pty Ltd	Australia	100	100
Doctor Evil Pty Ltd	Australia	100	100

NOTE 12: PLANT & EQUIPMENT

	2012	2011
	$000	$000
Plant and equipment:		
At cost	123	4,057
Accumulated depreciation	(67)	(1,486)
Asset written off	-	(2,508)
Total plant and equipment	56	63

Reconciliations Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:	Plant and equipment $000
Consolidated Group:	
Balance at 1 July 2010	2,829
Additions	176
Asset written off	(2,508)
Depreciation expense	(434)
Balance at 30 June 2011	63
Additions	8
Depreciation expense	(15)
Balance at 30 June 2012	56

NOTE 13: OTHER CURRENT ASSETS

	2012	2011
	$000	$000
Current		
Accrued interest	40	258
Bond (i)	62	1,647
Term deposit for credit card	93	93
Prepayments	27	37
	222	2,035
Analysis of total provisions		
Current	77	1,886
Non current	145	149
	222	2,035

(i) The bond includes an amount of Nil (2011: $1,582,525) which represents an exploration expenditure bond paid to the Bureau of Minerals and Petroleum (“BMP”). The amount has been refunded during the year as the Group has met its exploration expenditure commitment.

NOTE 14: EXPLORATION AND EVALUATION EXPENDITURE

	2012	2011
	$000	$000
Exploration expenditure capitalised		
- exploration and evaluation phases	89,268	137,646
Accumulated depreciation	-	-
Total exploration expenditure	89,268	137,646
Movement in carrying value:		
Brought forward	137,646	122,142
Exploration expenditure capitalised during the year	5,565	15,669
Impairment on exploration expenditure	(53,943)	(165)
At reporting date	89,268	137,646

The value of the exploration expenditure is dependent upon:

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

During the year, Ironbark impaired the value of its exploration expenditure to fair value on the basis that facts and circumstances including the current economic conditions were such that it considered it prudent and conservative to do so. The impairment has been based on a technical project review and independent valuation. The basis adopted a fair value less selling costs resulting in a total impairment expense of $53,942,907 being recognized within "exploration expenditure written off" in the statement of comprehensive income.

NOTE 15: TRADE AND OTHER PAYABLES

	2012	2011
	$000	$000
Trade payables	71	1,149
Sundry payables and accrued expenses	84	92
	155	1,241

Refer to note 25 Financial Instruments for further details.

NOTE 16: SHORT TERM PROVISIONS

	Employee benefits
	$000
Consolidated Group:	
Opening balance at 1 July 2011	100
Additional provisions	(18)
Balance at 30 June 2012	82

	2012	2011
	$000	$000
Analysis of total provisions		
Current	82	100
Non current	-	-
	82	100

NOTE 17: ISSUED CAPITAL

	2012	2011
	$000	$000
368,392,667 (2011: 368,392,667) fully paid ordinary shares	107,680	107,680

	2012	2011
	$000	$000
a. Ordinary shares		
At the beginning of reporting period	368,392,667	320,392,667
Shares issued during the year	-	48,000,000
At reporting date	368,392,667	368,392,667

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. The fully paid ordinary shares have no par value.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Options

There were no options issued to key management personnel during the financial year. For information relating to share options issued to key management personnel during the current and comparative financial year, refer to Note 22 Share-based Payments.

c. Capital Management

The Directors' primary objective is to maintain a capital structure that ensures the lowest cost of capital to the Company. At reporting date the Company has no external borrowings. The Directors have no current plans to raise capital through the issue of additional shares in the Company. The Company is not subject to any externally imposed capital requirements.

NOTE 18: RESERVES

a. Asset revaluation reserve

The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

b. Option reserve

The option reserve records items recognised as expenses on valuation of employee share options.

NOTE 19: CAPITAL COMMITMENTS

In order to maintain current rights of tenure to exploration tenements the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments and overseas government bodies. These obligations can be reduced by selective relinquishment of exploration tenure or renegotiation. Due to the nature of the Group's operations in exploring and evaluating areas of interest, exploration expenditure commitments beyond twelve months cannot be reliably determined. It is anticipated that expenditure commitments in subsequent years will be similar to that for the forthcoming twelve months. These obligations are not provided for in the financial report.

	2012	2011
	$000	$000
Capital expenditure commitments contracted for:		
Exploration and evaluation expenditure payable not later than 12 months	1,063	1,468

NOTE 20: OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments are identified by Management based on the mineral resource and exploration activities in Australia and Greenland. Discrete financial information about each project is reported to the chief operating decision maker on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The Group has two reportable segments based on the geographical areas of the mineral resource and exploration activities in Australia and Greenland. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

	Australia	Greenland	Total
	$000	$000	$000
(i) Segment performance			
For the year ended 30 June 2012			
Revenue			
Interest revenue	350	-	350
Cost recoveries	335	-	335
Total segment revenue	685	-	685
Reconciliation of segment result to group net profit/(loss) before tax			
Amounts not included in segment result but reviewed by the Board:			
– Depreciation expenses	(15)	-	(15)
– Exploration expenditure written off	(2)	(53,941)	(53,943)
Unallocated items:			
– Other expenses			(4,227)
Net loss before tax			(57,500)
(ii) Segment assets			
As at 30 June 2012			
Segment assets at 1 July 2011	1,630	136,079	137,709
Segment asset increase for the period:			
Exploration expenditure	720	(49,099)	(48,379)
Plant and equipment	(7)	-	(7)
	2,343	86,980	89,323
Reconciliation of segment assets to group assets			
Unallocated assets:			
Financial assets			1,089
Other assets			4,555
Total group assets			94,967

NOTE 20: OPERATING SEGMENTS (CONTINUED)

	Australia	Greenland	Total
	$000	$000	$000
(iii) Segment liabilities			
As at 30 June 2012			
Segment liabilities at 1 July 2011			
Reconciliation of segment liabilities to group liabilities			
Other liabilities	230	7	237
Total group liabilities			237
(iv) Segment performance			
For the year ended 30 June 2011			
Revenue			
Interest revenue	785	-	785
Profit on sale of shares	697	-	697
Cost recoveries	445	-	445
Total segment revenue	1,927	-	1,927
Reconciliation of segment result to group net profit/(loss) before tax			
Amounts not included in segment result but reviewed by the Board:			
– Depreciation expenses	(19)	(415)	(434)
– Exploration expenditure written off	-	(165)	(165)
– Exploration asset written off	-	(2,508)	(2,508)
Unallocated items:			
– Share of net loss of associate			(247)
– Gain recognised on disposal of interest in former associate			2,444
– Other expenses			(3,106)
Net loss before tax			(2,089)
(v) Segment assets			
As at 30 June 2011			
Segment assets at 1 July 2010	1,537	123,434	124,971
Segment asset increase for the period:			
– Exploration expenditure	93	15,410	15,503
– Plant and equipment	-	(2,765)	(2,765)
	1,630	136,079	137,709
Reconciliation of segment assets to group assets			
Unallocated assets:			
– Equity accounted associate			1,000
– Other assets			14,515
Total group assets			153,224

NOTE 20: OPERATING SEGMENTS (CONTINUED)

	Australia	Greenland	Total
	$000	$000	$000
(vi) Segment liabilities			
As at 30 June 2011			
Segment liabilities at 1 July 2010			
Reconciliation of segment liabilities to group liabilities			
Other liabilities	457	1,019	1,476
Total group liabilities			1,476

NOTE 21: CASH FLOW INFORMATION

	2012	2011
	$000	$000
Reconciliation of cash flow from operations with loss after income tax		
Net loss for the year	(57,419)	(2,061)
Non cash flows in loss		
Depreciation	15	434
Net loss/(gain) on disposal of investments	-	(696)
Gain recognised on disposal of interest in former associate	-	(2,444)
Share of associate's loss	-	246
Write off exploration expenditure	53,943	165
Loss on foreign exchange	56	59
Write off exploration assets	-	2,508
Share options expensed	716	1,182
Impairment of available-for-sale financial assets	475	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	259	(197)
(Increase)/decrease in prepayments	10	7
Increase/(decrease) in trade payables and accruals	(119)	(289)
Increase/(decrease) in provisions	(18)	39
Cash flow from operations	(2,082)	(1,047)

NOTE 22: SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2012:

All options granted to key management personnel are ordinary shares in Ironbark, which confer a right of one ordinary share for every option held.

	2012		2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Issue to Directors	No 000	$	No 000	$
Outstanding at the beginning of the year	7,200	0.44	200	0.20
Granted	-	-	7,000	0.45
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year end	7,200	0.44	7,200	0.44
Exercisable at year end	7,200	0.44	7,200	0.44
Issue to Staff				
Outstanding at the beginning of the year	3,050	0.50	500	0.85
Granted	-	-	2,550	0.43
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year end	3,050	0.50	3,050	0.50
Exercisable at year end	3,050	0.50	3,050	0.50
Issue to Consultants				
Outstanding at the beginning of the year	-	-	-	-
Granted	5,000	0.30	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year end	5,000	0.30	-	-
Exercisable at year end	5,000	0.30	-	-

The options outstanding at 30 June 2012 had a weighted average exercise price of $0.41 and a weighted average remaining contractual life of 2.69 years.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

The following table illustrates details of compensation options granted or vested during the financial period.

	Number Granted	Number Vested	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
	No. 000	No. 000			$	$
Consultants	5,000	5,000	24/01/2012	31/12/2017	0.30	0.143

NOTE 22: SHARE BASED PAYMENTS (CONTINUED)

Details of factors used in option valuation calculation for the options granted during the financial period are:

Inputs into the Model	
Grant date share price	$0.24
Exercise price	$0.30
Expected volatility	69%
Option life	5 years
Risk-free interest rate	3.57%

NOTE 23: RELATED PARTY DISCLOSURES

i. Interests in controlled entities is disclosed in Note 11. Amount receivable from Dr Evil Pty Ltd for the financial year ended 30 June 2012 was $890,897and amount payable to Ironbark Zinc Pty Ltd for the financial year ended 30 June 2012 was $25,458.

ii. Details relating to key management personnel, including remuneration paid and equity holdings are included in note 5.

iii. No amounts in addition to those disclosed in the Remuneration Report in the Directors' Report were paid or payable to Directors of the Company at the end of the year.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Ironbark charges Corazon Mining Limited and Waratah Resources Limited for shared office and salary expenses. The total charged for the financial year ended 30 June 2012 was $335,306. As at 30 June 2012, $27,050 was outstanding as a receivable to Ironbark Zinc Limited.

NOTE 24: EVENTS AFTER THE REPORTING DATE

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

NOTE 25: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

i. Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

ii. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are foreign currency risk, liquidity risk, credit risk and price risk.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency. The currencies in which these transactions primarily are denominated are AUD, DKK, USD and CAD.

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 group's reputation. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's receivables from customers and investment securities. The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Price risk

(i) Commodity price risk

The Group is not directly exposed to commodity price risk. However, the Company is currently completing a DFS. There is a risk that the changes in prevailing market conditions and commodity prices could affect the viability of the project.

(ii) Equity price risk

Equity price risk arises from available-for-sale equity securities held. Material investments are managed on an individual basis and all buy and sell decisions are approved by the board.

The Group holds the following financial instruments:

	2012	2011
	$000	$000
Financial assets:		
Cash and cash equivalents	4,162	12,268
Receivables	170	212
Other assets	222	2,035
Investments	1,089	1,000
Total financial assets	5,643	15,515
Financial liabilities:		
Trade and sundry payables	155	1,241
Total financial liabilities	155	1,241
	5,488	14,274
Trade and sundry payables are expected to be paid as follows:		
Less than 1 month	155	1,241

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

iii. Fair value of financial instruments

The following tables detail the Group's fair values of financial instruments categorized by the following level:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Inputs for asset or liability that are not based on observable market data (Unobservable inputs)

	Level 1	Level 2	Level 3	Total
Assets	$000	$000	$000	$000
Ordinary shares	1,089	-	-	1,089
Total assets	1,089	-	-	1,089

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payable are assumed to approximate their fair values due to their short-term nature.

iv. Sensitivity analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2012, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2012	2011
	$000	$000
Change in profit		
Increase in interest rate by 1% (100 basis points)	43	124
Decrease in interest rate by 1% (100 basis points)	(43)	(124)
Change in equity		
Increase in interest rate by 1% (100 basis points)	43	124
Decrease in interest rate by 1% (100 basis points)	(43)	(124)

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign Currency Risk Sensitivity Analysis

At 30 June 2012, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the United States Dollar (USD), the Canadian Dollar (CAD), the Danish Kroner (DKK) with all other variables remaining constant is as follows:

	2012	2011
	$000	$000
Change in profit		
Improvement in AUD to USD by 10%	-	-
Decline in AUD to USD by 10%	-	-
Change in equity		
Improvement in AUD to USD by 10%	-	(1)
Decline in AUD to USD by 10%	-	1
Change in profit		
Improvement in AUD to CAD by 10%	-	-
Decline in AUD to CAD by 10%	-	-
Change in equity		
Improvement in AUD to CAD by 10%	-	(42)
Decline in AUD to CAD by 10%	-	52
Change in profit		
Improvement in AUD to DKK by 10%	-	-
Decline in AUD to DKK by 10%	-	-
Change in equity		
Improvement in AUD to DKK by 10%	(5)	(45)
Decline in AUD to DKK by 10%	6	56

Price Risk Sensitivity Analysis

The majority of the Group's investments are publicly traded and are included in the ASX. The table below summarises the impact of increases/decreases of this index on the Group's post tax profit for the year and on equity. The analysis is based on the assumption that equity indexes had increased/decreased by 10% (2011: 10%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	2012	2011
	$000	$000
Change in profit		
Increase in All Ordinaries Index by 10%	109	-
Decrease in All Ordinaries Index by 10%	(109)	-
Change in equity		
Increase in All Ordinaries Index 10%	109	101
Decrease in All Ordinaries Index by 10%	(109)	(101)

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest Rate Risk Exposure Analysis

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing	
	2012	2011	2012	2011	2012	2011
FINANCIAL ASSETS	%	%	$000	$000	$000	$000
Cash at bank & on hand	5.5	6	4,162	12,268	-	-
Receivables	-	-	-	-	170	212
Investments	-	-	-	-	1,089	1,000
Other assets	5.5	6	145	1,730	77	305
Total financial assets			4,307	13,998	1,336	1,517
FINANCIAL LIABILITIES						
Payables	-	-	-	-	155	1,241
Total financial liabilities			-	-	155	1,241

The above interest rate, foreign exchange rate and price risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

NOTE 26: COMMITMENTS FOR EXPENDITURE

Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2012	2011
	$000	$000
Within a year	98	191
Later than one year but not later than five years	-	98
Later than five year	-	-
Commitments not recognized in the financial statements	98	289

The current lease on the premises at Suites F6 & F5, 350 Hay Street, Subiaco WA is for the period of 3 years commencing on 1 January 2010 and expiring on 31 December 2012. On renewal, the terms of the leases are renegotiated.

NOTE 27: PARENT ENTITY DISCLOSURES

	2012	2011
Financial position	$000	$000
Assets		
Current assets	5,275	14,527
Non-current assets	89,769	138,709
Total assets	95,044	153,236
Liabilities		
Current liabilities	237	1,340
Non-current liabilities	-	135
Total liabilities	237	1,475
Net assets	94,807	151,761
Equity		
Issued capital	107,680	107,680
Equity settled benefits	2,106	49,350
Investment reserves	-	315
Accumulated losses	(14,979)	(5,584)
Total equity	94,807	151,761
Financial performance		
Loss for the year	(57,356)	(1,434)
Other comprehensive income/(loss)	(315)	(777)
Total comprehensive loss	(57,671)	(2,211)

NOTE 28: DIVIDENDS

The Board of Directors have recommended that no dividend be paid.

NOTE 29: CONTINGENT ASSETS AND LIABILITIES

Bedford Resources Holding Limited has commenced proceedings requesting that a nominated person be appointed as a Non-Executive Director of Ironbark. Ironbark is defending the claim.

A contractor has commenced proceedings in a Canadian Court against Ironbark's drilling contractor and has recently joined Ironbark to the proceedings in relation to an incident whilst drilling on site. Ironbark is defending the claim.

Apart from the above, the Company is unaware of any contingent assets or liabilities that may have a material impact on the Company's financial position.

NOTE 30: CONVERTIBLE NOTE FUNDING FACILITY

During the year, the Company has entered into a US$50 million Convertible Note funding facility and offtake facility pursuant to a transaction with a wholly owned subsidiary of Glencore International AG ('Glencore'). The Convertible Note is at a conversion price of AUD$0.42 for the first US$30 million (at Ironbark or Glencore's election to convert) and AUD$0.50 for the next US$20 million (at Glencore's election to convert). The funding of the facility is subject to the completion of certain conditions. As at 30 June 2012, the Company has not fulfilled all the conditions of the agreement and has not issued the Convertible Note.

NOTE 31: COMPANY DETAILS

The registered office and principal place of business is:

Ironbark Zinc Limited
Suite 5, Level 1
350 Hay Street
SUBIACO WA 6008

DIRECTOR'S DECLARATION

The Directors of the Company declare that:

1. The financial statements, notes and additional disclosures included in the Directors' report and designated as audited, 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 financial position as at 30 June 2012 and of the performance for the year ended on that date of the Consolidated group;

    c. the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statement.

2. The Chief Executive Officer and Chief Financial Officer have each declared that:

    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 295A of the Corporations Act 2001;

    b. the financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

3. In the Directors' 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.

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

Jonathan Downes
Executive Managing Director

Date: 21 September 2012

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
IRONBARK ZINC LTD

Report on the Financial Report

We have audited the accompanying financial report of Ironbark Zinc Ltd, which comprises the statements of financial position as at 30 June 2012, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Ironbark Zinc Ltd (the company) and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 of the financial report that gives a true and fair view 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.

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PO Box 609 | West Perth | Western Australia 6872 | Australia

PKF Mack & Co

Chartered Accountants & Business Advisers

Opinion

In our opinion:

(a) the financial report of Ironbark Zinc Ltd is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2012 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 13 of the directors' report for the year ended 30 June 2012. 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.

Opinion

In our opinion, the Remuneration Report of Ironbark Zinc Ltd for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

PKF Mack and Co.

PKF MACK & CO

S Fermanis

SIMON FERMANIS
PARTNER

21 SEPTEMBER 2012
WEST PERTH,
WESTERN AUSTRALIA

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Ordinary share capital

368,392,667 fully paid shares are held by 1,132 individual shareholders.

There were no shareholdings held in less than marketable parcels.

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

15,250,000 options are held by 15 individual option holders.

Options do not carrying a right to vote.

Distribution of holders of equity securities	Number	
Category (size of holding)	Fully paid ordinary shares	Options
1 – 1,000	107	-
1,001 – 5,000	201	-
5,001 – 10,000	158	-
10,001 – 100,000	483	4
100,001 – and over	183	11
	1,132	15

Substantial shareholders	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
NYRSTAR INTNL BV	97,690,702	26.52%
SINGPAC INV HLDG PTE LTD	44,110,593	11.97%
J P MORGAN NOM AUST LTD	25,144,088	6.83%
HSBC CUSTODY NOM AUST LTD	24,583,684	6.67%
NATIONAL NOM LTD	19,281,348	5.23%

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONTINUED)

20 Largest Shareholders — Ordinary Shares

A record of the 20 largest shareholders as at 12 September 2012 is as follows:-

Ordinary shareholders		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	NYRSTAR INTNL BV	97,690,702	26.52%
2.	SINGPAC INV HLDG PTE LTD	44,110,593	11.97%
3.	J P MORGAN NOM AUST LTD	25,144,088	6.83%
4.	HSBC CUSTODY NOM AUST LTD	24,583,684	6.67%
5.	NATIONAL NOM LTD	19,281,348	5.23%
6.	BEDFORD RES HLDGS LTD	13,793,060	3.74%
7.	BNP PARIBAS NOMS PL	11,469,672	3.11%
8.	VALIANT EQUITY MGNT PL	9,517,500	2.58%
9.	UBS WEALTH MGNT AUST NOM	7,785,153	2.11%
10.	CITICORP NOM PL	7,485,398	2.03%
11.	DOWNES JONATHAN CHARLES	5,360,000	1.45%
12.	SUGAR EDDIE	4,800,000	1.30%
13.	SINCERE LIBERTY FINANCE L	4,600,000	1.25%
14.	KALE CAP CORP LTD	3,735,000	1.01%
15.	LUJETA PL	3,000,000	0.81%
16.	DOWNES KATRINA	2,500,000	0.68%
17.	BASSETT M I L + S E	1,715,000	0.47%
18.	PETRICEVIC H J + M D	1,712,099	0.46%
19.	M F CUSTS LTD	1,650,000	0.45%
20.	KANGATHARAN RAM SHANKER	1,620,000	0.44%
		291,553,297	79.11%

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONTINUED)

Unquoted equity security holdings greater than 20%

		Number of Options Held	% Held of Options in an unquoted class
Option exercised at $0.85, expire at 22/11/2012			
1.	G Campbell	500,000	100%
Option exercised at $0.20, expire at 26/11/2012			
1.	J McConnell	200,000	100%
Option exercised at $0.45, expire at 16/11/2013			
1.	J Downes	2,000,000	22.1%
2.	G Campbell	2,000,000	22.1%
Option exercised at $0.35, expire at 16/11/2013			
1.	R Orr	500,000	100%
Option exercised at $0.30, expire at 31/12/2017			
1.	BW Equities Pty Ltd	5,000,000	100%

Schedule of Interests in Mining Tenements

		Location of Tenements	% of Interest
	Project		
1.	Belara	New South Wales	100%
2.	Captains Flat (In Joint Venture with Glencore)	New South Wales	25.5%
3.	Fiery Creek	New South Wales	100%
4.	Citronen	Greenland	100%
5.	Mestervig	Greenland	100%
6.	Washington Land	Greenland	100%

Company secretary

Mr Robert Orr

Principal registered office

Level 1, 350 Hay Street,
SUBIACO WA 6008.
Telephone +61 (08) 6461 6350

Share registry

Security Transfer Registrars
770 Canning Highway,
APPLECROSS, WA 6153.
Telephone +61 (08) 9315 2333

CORPORATE GOVERNANCE

Ironbark Zinc Limited and its controlled entities ("the Consolidated Entity") are committed to high standards of corporate governance. Policies and procedures which follow the "Principles of Good Corporate Governance and Best Practice Recommendations" issued by the Australian Security Exchange ("ASX") Corporate Governance Council, to the extent they are applicable to the Consolidated Entity, have been adopted.

Principle 1 : Lay solid foundations for management and oversight		Comply
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes

The role of the Board is formally set out in the Board Charter. This charter summarizes the role and responsibility of the board of the Company. The disclosure of the role and responsibility of the board is designed to assist those affected by corporate decisions to better understand the respective accountabilities and contributions of the board and management of the Company.

The roles and responsibilities of the board will evolve as the Company moves forward. As such, a regular review of the balance of responsibilities will ensure that the division of the functions remains appropriate to the needs of the Company.

The key responsibilities of the board include:

- *Appointing, evaluating, rewarding and if necessary, the removal of the Managing Director and senior management;*
- *Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;*
- *Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;*
- *Overseeing the management of business risks, safety and occupational health, environmental issues and community development;*
- *Satisfying itself that the financial statements fairly and accurately set out the financial position and financial performance of the Company for the period under review;*
- *Satisfying itself that there are appropriate reporting systems and controls in place to assure the board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately. Further, approving and monitoring financial and other reporting;*
- *Assuring itself that appropriate audit arrangements are in place, when considered appropriate by the board;*
- *Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that it's practice is consistent with, a number of guidelines, being:*
  - *Directors and Executive Officers Code of Conduct;*
  - *Dealings in Company Securities; and*
  - *Reporting and Dealing with Unethical Practices*
- *Reporting to and advising shareholders.*

1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes

The process and outcomes of the evaluation is disclosed in the Remuneration Report contained in the Directors' report. The Remuneration Committee Charter also discloses additional information in respect to evaluation the performance of senior executives.

CORPORATE GOVERNANCE (CONTINUED)

Principle 2 : Structure the board to add value		Comply
2.1	A majority of the board should be independent directors. *The Consolidated Entity has not complied with this recommendation. The following Directors are not considered to be independent:* ■ Jonathan Downes – Executive Managing Director ■ Adrian Byass - Executive Technical Director ■ Gregory Campbell - Executive Engineering Director ■ David Kelly – Non Executive Director ■ Greg McMillan – Non Executive Director *The independent directors are:* ■ Peter Bennetto – Non Executive Chairman ■ John McConnell – Non Executive Director ■ Gary Comb – Non Executive Director *The Board considers that the interests of the Group are best served by appointing directors with the relevant skills and expertise to enhance the Group's performance. The Board believes each director bring an independent, objective judgment to the deliberations of the Board.*	No
2.2	The Chair should be an independent director. *The Consolidated Entity complies with this recommendation. Mr. Peter Bennetto, an independent director, is the Chair.*	Yes
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual. *The Consolidated Entity complies with this recommendation. Mr. Jonathan Downes is the Chief Executive Officer.*	Yes
2.4	The Board should establish a nomination committee. *The Consolidated Entity does not have a nomination committee. The Board believes that due to the Group's relatively small size, a nomination committee is not necessary as the board can undertaken all functions normally delegated to a nomination committee. The Corporate Governance Board Charter contains procedures for the appointment and resignation of Directors.*	No
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors. *The Corporate Governance Board Charter contains the details of the procedures for the performance reviews and evaluation.*	Yes

CORPORATE GOVERNANCE (CONTINUED)

Principle 3 : Promote ethical and responsible decision-making		Comply
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code. *A formal Directors and Executive Officers' code of conduct forms part of the Corporate Governance Charter.*	Yes
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. *The Company does not have a formal policy concerning diversity. Given the small size of the Company workforce, the Board has determined that it is not currently practicable to implement a policy concerning diversity. The Board will further consider the establishment of a diversity policy as the Company grows.*	No
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	N/A
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board. *The Company currently has 33% female employees in the Company and has 1 female in a senior geological position. The Company currently has no females on the Board.*	Yes
3.5	Companies should provide an explanation of any departures from Recommendations 3.1 to 3.5 in the corporate governance statement in the annual report. *Refer comments on 3.2.*	Yes
Principle 4 : Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee. *The Consolidated Entity has established an Audit Committee.*	Yes
4.2	The audit committee should be structured so that it: ■ Consists only of Non Executive Directors ■ Consists of a majority of independent directors ■ Is chaired by an independent chair, who is not chair of the board ■ Has at least three members *The Consolidated Entity has not complied with this recommendation. The following Directors are not considered to be independent:* ■ *Jonathan Downes – Executive Managing Director* ■ *David Kelly - Non Executive Director* ■ *Greg McMillan – Non Executive Director* *The independent directors are:* ■ *Peter Bennetto – Non Executive Chairman* *The Committee considers that the interests of the Group are best served by appointing directors with the relevant skills and expertise to enhance the Group's performance. The Committee believes each director bring an independent, objective judgment to the deliberations of the Committee.*	No
4.3	The audit committee should have a formal charter. *The Consolidated Entity has a formal charter for the audit Committee.*	Yes

CORPORATE GOVERNANCE (CONTINUED)

Principal 5 : Make timely and balanced disclosure		Comply
5.1	Companies should promote timely and balanced disclosure of all material matters concerning the company. *The Board has adopted a Disclosure Policy, which sets out the key obligation of the Managing Director and Company Secretary to ensure that the Consolidated Entity complies with its disclosure obligations under the ASX Listing Rules and The Corporations Act 2001 (Cth).*	Yes
Principal 6 : Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. *The Board has adopted a Communication Strategy. The directors of the Company recognise the importance of forthright communication. The Consolidated Entity posts all the report, ASX announcements, media release, business presentation and Group information on the Group's website.*	Yes
Principal 7 : Recognize and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. *The Board has adopted a Risk Management and internal Control Policy. Procedures have been established at the board and executive management levels which are designed to safeguard the assets and interests of the Consolidated Entity, and to ensure the integrity of reporting.*	Yes
7.2	The board should require management to design implement the risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks. *The Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level. Management is required to report on material business risks at each Board of Director's meeting.*	Yes
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. *The Chief Executive Officer and Chief Financial Officer have provided the written statements required by 7.3.*	Yes

CORPORATE GOVERNANCE (CONTINUED)

Principal 8 : Remunerate fairly and responsibly		Comply
8.1	The Board should establish a remuneration committee. *The Consolidated Entity has established a Remuneration Committee. The Remuneration Committee has a formal charter.*	Yes
8.2	The remuneration committee should be structured so that it: ■ Consists of a majority of independent directors ■ Is chaired by an independent chair ■ Has at least three members *The Consolidated Entity has not complied with this recommendation. The following Directors are not considered to be independent:* ■ *Jonathan Downes – Executive Managing Director* ■ *David Kelly - Non Executive Director* ■ *Greg McMillan – Non Executive Director* *The independent directors are:* ■ *Peter Bennetto – Non Executive Chairman* *The Committee considers that the interests of the Group are best served by appointing directors with the relevant skills and expertise to enhance the Group's performance. The Committee believes each director bring an independent, objective judgment to the deliberations of the Committee.*	No
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. *The Remuneration Report, contained in the Directors' Report sets out the remuneration of non-executive directors, the executive director and senior executives.*	Yes

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