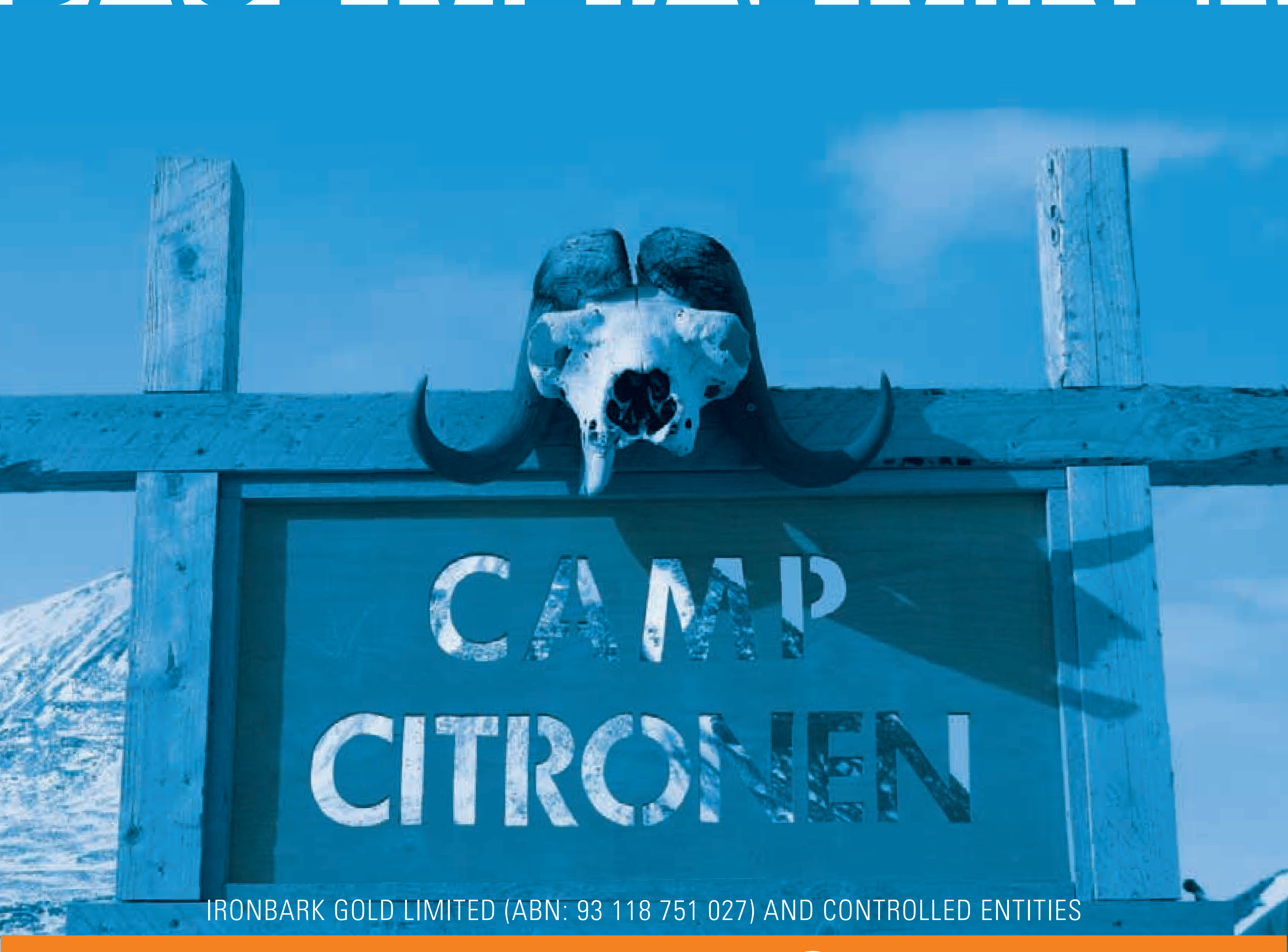
Ironbark

# BECOMING A MAJOR BASE METAL MINER




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

# ANNUAL REPORT 09

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009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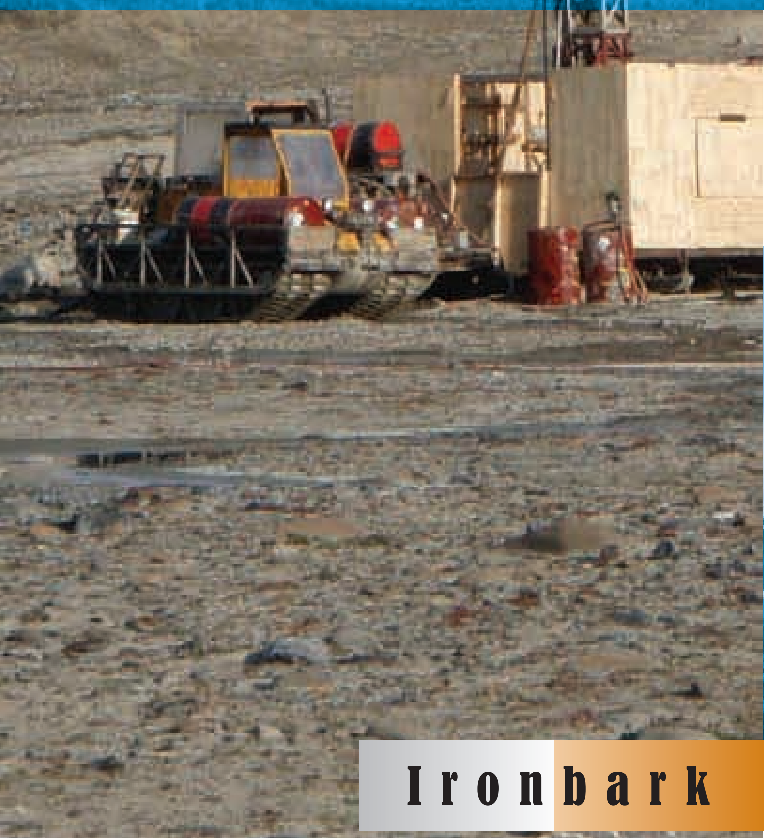
Ironbark

# CORPORATE DIRECTORY

| | |
|---|---|
| NON-EXECUTIVE CHAIRMAN | Peter D Bennetto |
| EXECUTIVE MANAGING DIRECTOR | Jonathan C Downes |
| EXECUTIVE TECHNICAL DIRECTOR | Adrian P Byass |
| EXECUTIVE ENGINEERING DIRECTOR | Gregory C Campbell |
| NON-EXECUTIVE DIRECTORS | Vincent Hyde (resigned 4 August 2009)<br>David Kelly<br>John McConnell (appointed 7 August 2009) |
| COMPANY SECRETARY | David Round |
| PRINCIPAL & REGISTERED OFFICE | Level 1, 350 Hay Street, SUBIACO WA 6008<br>Telephone: (08) 6461 6350 Facsimile: (08) 6210 1872 |
| AUDITORS | **MACK & CO**<br>Level 2, 35 Havelock Street, WEST PERTH WA 6005 |
| SHARE REGISTRAR | **SECURITY TRANSFER REGISTRARS PTY LTD**<br>770 Canning Hwy, APPLECROSS WA 6153<br>Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233 |
| STOCK EXCHANGE LISTINGS | **Australian Securities Exchange**<br>(Home Exchange: Perth, Western Australia) Code: IBG |
| BANKERS | **WESTPAC BANKING CORPORATION**<br>1257-1261 Hay Street, WEST PERTH WA 6005 |

www.ironbarkgold.gl



Ironbark

# LETTER FROM THE MANAGING DIRECTOR

## DEAR SHAREHOLDERS

It is a pleasure to report that your company remains in a sound financial position and has maintained development momentum and progress throughout a very challenging period. The collapsing global commodity prices, in particular falling zinc prices, have had a major impact on Ironbark. The Board and management team have moved decisively to adjust to the changing conditions and this has included, over the course of the year, reducing the company's overheads through salary reductions and redundancies. With regards to our flagship Citronen base metal project we have reviewed and reduced project capital costs, increased planned mined head grades and assessed the overall scope of mine. One of our strongest achievements has been to generate a more robust and significantly larger resource base to work with following the 2008 resource upgrade. This included a larger and higher grade continuous ore zone which can be selectively targeted to improve financial returns.

We recognise that despite all of our efforts and positive achievements the company share price has not performed well. This is no doubt a cause of frustration for our shareholders and certainly to the Board and management. We are working hard on many initiatives to put Ironbark back where it belongs as our company's market capitalisation belies the scale and potential of our base metal assets. We are confident that further positive news flow will be recognised by the market. Given that the zinc price has moved from a low of $US0.46/lb during the year to $US0.82/lb (1 September 2009) we have a reasonable base to enter a renewed period of capital growth and project advancement.

We thank our shareholders for their support and patience and as the first tentative signs of economic recovery appear we hope that ongoing advancement will be rewarded.

Looking forward, Ironbark will be continuing with project development work and we are pleased to report that our efforts are starting to attract interest from high quality partners that may be motivated to help turn Citronen into a major mining operation.

I wish to again thank my fellow directors and the men and women of Ironbark in their energetic and creative efforts for your company.

**Jonathan Downes**
Managing Director

# HIGHLIGHTS DURING THE YEAR

## 1.CAPITAL COST AND FINANCIAL SUMMARY

Derived from engineering firms and based on recent plant and equipment construction. Using forecast zinc price for 2011 sees the Citronen project potentially delivering an NPV of US$500M and shows a low operating cost for the life of the mine, making Citronen a potentiallly large scale, long life and low cost mining operation

## 2.2009 FIELD SEASON COMMENCES AND RETURNS EXCELLENT EARLY DRILL RESULTS

The 2009 mobilisation of drill crews and equipment to the Citronen project was funded from existing cash reserves and was ongoing during the reporting period. Work this season focused on development of a large scale base metal mine and includes geotechnical drilling, infill drilling, hydro-geological drilling and to provide further material for metallurgical testwork.

Early drilling results have supported the resource model and returned better than expected results including the first drill hole CF09-182: 4.2m @ 11.2% zinc and 3m @ 5.3% zinc. Further results are pending.

## 3. MAJOR RESOURCE UPGRADE

Ironbark released an upgraded resource estimate for the 100% owned Citronen zinc-lead project in Greenland based on results from 2008 exploration drilling. Results released during the season reinforced the company's view that Citronen is a world class zinc (Zn) and lead (Pb) deposit with strong development potential. Highlights of the resource upgrade are:

- Contained zinc and lead resource hosts in excess of 10.5 billion pounds of metal
- 38% increase in contained metal
- 25% increase in resources in the Indicated JORC category
- Global - 102Mt @ 4.7% Zn + Pb at a 2% Zn cut-off
- Medium Grade - 56Mt @ 6.1% Zn + Pb at a 3.5% Zn cut-off
- Higher-grade core of 22.6Mt @ 8.2% Zn + Pb at a 5% Zn cut-off

## 4.DENSE MEDIA SEPARATION (DMS) TESTWORK RETURNED EXCELLENT RESULTS

The Citronen ore grade could potentially be cost effectively doubled prior to treatment reducing operating and capital costs separation.

## 5.HIGH GRADE MINING REVIEW

The 2008 resource has identified mineralisation at significantly higher grades than previous studies contemplated. This high grade material could be selectively mined in order to reduce operating costs.

## 6.COST CUTTING MEASURES IMPLEMENTED

In recognition of difficult market conditions, a series of cost cutting measures were implemented including the reduction of salaries of all management and directors as well as some redundancies. As a result Ironbark retains a healthy cash position with no debt and is well placed to continue development of the project.

# 7. CONVERTIBLE NOTE FACILITY DISCUSSIONS TERMINATED

Ironbark entered into discussions with a third party regarding a Convertible Note Facility to expedite the development of Citronen. Unfortunately Ironbark was forced to terminate negotiations as formal agreement for the key terms could not be met within reasonable timeframes.

# 8. EXPLORATION SUMMARY

During the 2008 field season drilling was successful in extending known resources and identifying new exploration targets

# 9. WARATAH GOLD LIMITED LISTED ON THE ASX

Ironbark successfully divested its gold assets into a new company, Waratah Gold Limited that listed on the Australian Securities Exchange. Ironbark is the largest shareholder of Waratah and retains 5 million shares in Waratah.

# 10. ABOUT CITRONEN

A summary of the Citronen project and resource breakdowns as estimated in 2008.

# DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2009.

## DIRECTORS

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

| | |
|---|---|
| Mr Peter D Bennetto | Non Executive Chairman |
| Mr Jonathan C Downes | Executive Managing Director |
| Mr Adrian P Byass | Executive Technical Director |
| Mr Gregory C Campbell | Executive Engineering Director |
| Mr Vincent Hyde | Non Executive Director (resigned 4 August 2009) |
| Mr David Kelly | Non Executive Director |
| Mr John McConnell | Non Executive Director (appointed 7 August 2009) |

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

## COMPANY SECRETARY

Mr David Round, CPA, Chief Financial Officer of Ironbark Gold Limited, is company secretary.

## PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the consolidated group during the financial year were the exploration and evaluation of the group's gold and zinc 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 group after providing for income tax and eliminating minority equity interests amounted to $889,702 (2008: $525,824).

## 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 work conducted over the year ending 30 June 2009. The Company's focus has been directed at the Citronen Base Metal Project (Citronen) and on developing Citronen to become a major base metal producer. The Company has remained in a state of financial health throughout the global financial crisis.

## 1. CAPITAL COST REDUCTION AND FINANCIAL SUMMARY

Ironbark announced results from an engineering review of the Citronen process plant that included adopting an industry standard gravity pre-concentration process (DMS) such as utilised by the Mount Isa mine. These costs have been based on key elements of information and work commissioned from Ausenco, information provided by MT Hojgaard (Greenland and Denmark's leading engineering contractor), Metso Minerals and internal cost estimates with regards to the processing plant. The project and process plant was optimised using the results achieved from the DMS testwork and conceptual mining rate scenarios of 1Mtpa, 2Mtpa and 3Mtpa based on the resource estimate released in November 2008.

Several significant advancements have allowed continuing refinement of plant and capital cost reduction. These include the excellent results from the excellent DMS testwork which has allowed a significant reduction in the proposed processing plant size, supporting infrastructure and services. As the site is adjacent to a deep water fjord that is well protected and has a tidal variation of only 0.5 metres, the ship loading costs have been reduced from earlier estimates. Discussions are currently underway with contractors to evaluate and confirm the ship loading methodology. Weather data for the last year has showed that the lowest recorded temperature on site was -37.5 degrees Celsius – which is higher than the mining centre Yellowknife in Canada and may allow for further cost reductions.



The reduction in capital costs has provided Ironbark with an improved NPV in excess of US$500M based on mining at a rate of 3Mtpa and applying a forecast zinc price of US$1.08lb in 2011 (average of forecast from Macquarie, Barclays and GFMS and a lead price of $US0.95lb).

On an estimated C1 cash cost basis Citronen is well positioned against major global zinc mining operations as shown in Figure 1. The image highlights that Ironbark is a relevant project that is well positioned to meet global zinc requirements as the world recovers from the financial crisis.

**Table 1: Estimated Capital and Operating costs in $US/lb Payable Zinc**

| Annual Mining Rate | 1Mtpa | 2Mtpa | 3Mtpa |
|---|---|---|---|
| Mining | $0.19 | $0.21 | $0.22 |
| DMS | $0.01 | $0.01 | $0.01 |
| Power | $0.04 | $0.04 | $0.04 |
| Processing Costs | $0.06 | $0.07 | $0.07 |
| Admin & Other | $0.01 | $0.01 | $0.01 |
| Concentrate Transport | $0.03 | $0.03 | $0.03 |
| Pb Credits* | -$0.07 | -$0.07 | -$0.07 |
| Operating Costs** | $0.26 | $0.29 | $0.31 |
| NPV (8% discount rate)*** | $208,465,474 | $301,066,386 | $500,063,833 |
| Total Capital Cost Estimate**** | $213,624,542 | $316,786,916 | $404,997,022 |

** Based on a lead price of US$0.95/lb    ** Excluding zinc and lead Treatment Charges*
**** Based on average 2011 forecast zinc price of US$1.08/lb (Macquarie, Barclays, GFMS)    **** Excluding Owners Costs*

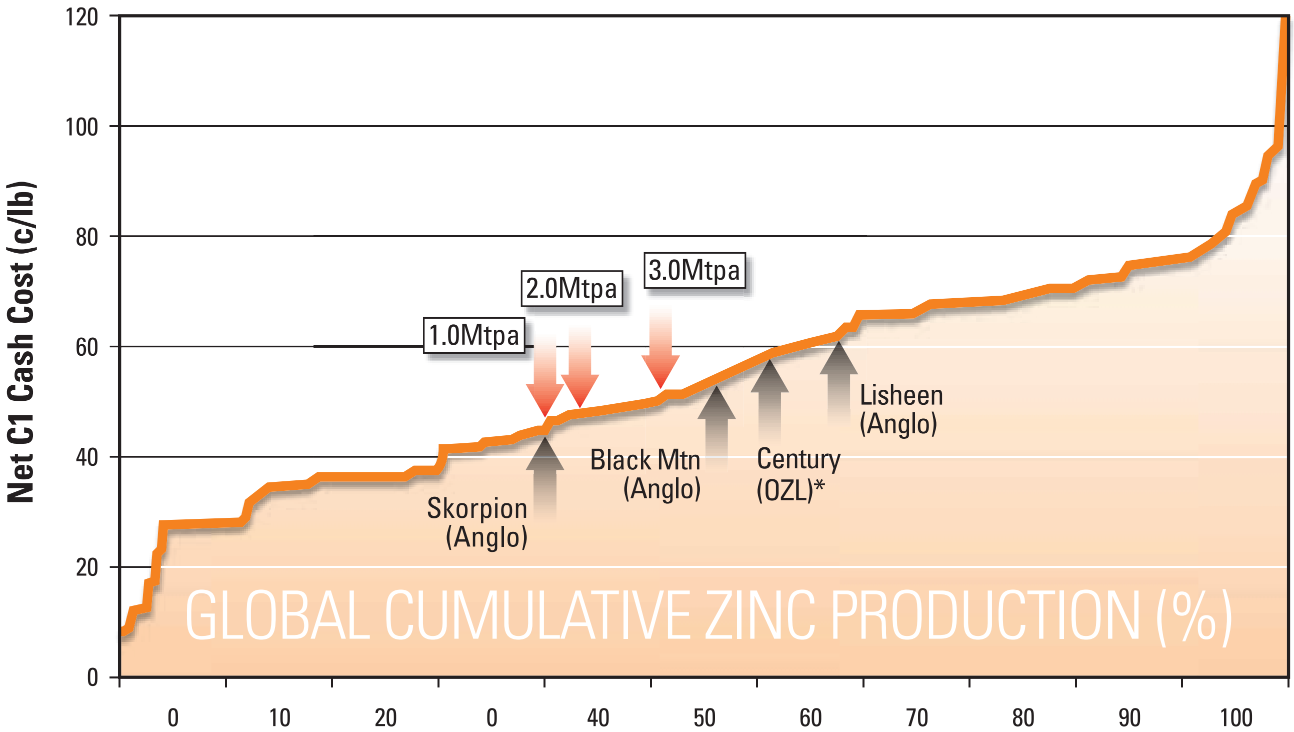



**Figure 1: 2008 Zinc Industry Estimated 'C1' Costs Net of By-products with Ironbark conceptual production costs overlaid for mine production rates of 1Mtpa, 2Mtpa and 3Mtpa**

*Source Anglo American PLC presentation 20/01/09*

**OZL: Oz Minerals Limited, Ironbark treatment charges estimated using US$0.70/lb Zn and US$0.75/lb Pb*

## 2.2009 FIELD SEASON COMMENCES AND RETURNS EXCELLENT EARLY DRILL RESULTS

Ironbark commenced the 2009 field season during the reporting period at Citronen with key equipment, supplies and crew mobilised to Greenland. The field season was fully funded from existing cash reserves and utilised the extensive inventory on site which includes 3 drilling rigs, 40 man camp site, fuel, bulldozer, tractors and various other equipment.

The 2009 field season was designed to advance the Citronen project towards production and included geotechnical and resource infill drilling and geotechnical drilling as well as to provide further material for metallurgical testwork aimed at further improving recoveries and increasing the concentrate grade.

The first round of drilling results for the 2009 season have been received from Citronen including 4.2 metres @ 11.2% zinc and 3 metres @ 5.3% zinc. The results of the first 4 holes within the Beach Zone resource are all strongly mineralised and have shown excellent support for the resource model.

The first four drillholes are located within an area designated as potentially early mine feed, in a shallow region of the Beach zone best accessed from an underground decline. The early years of mine planning are targeting ore feed in excess of 10% zinc, which is planned to be upgraded by DMS to a high grade +20% zinc ore prior to being treated in the flotation circuit. A finished product of zinc concentrate of between 50% and 60% zinc (and a separate lead concentrate) is then planned to be shipped to smelters in Europe or North America.

## 3.MAJOR RESOURCE UPGRADE

An updated resource estimate for the Citronen base metal project in Greenland based on results from 2008 exploration drilling was released. The results have reinforced the company's view that Citronen is a truly world class zinc (Zn) - lead (Pb) deposit with strong development potential.

| Ordinary Kriging (OK) >2% Zn cutoff | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Indicated | | | Inferred | | | Total* | | | |
| Million Tonnes (Mt) | Zinc (Zn) % | Lead (PB) % | Million Tonnes (Mt) | Zinc (Zn) % | Lead (PB) % | Million Tonnes (Mt) | Zinc (Zn) % | Lead (PB) % | Zinc + Lead (Zn + Pb) % |
| 50.2 | 4.5 | 0.5 | 51.6 | 3.8 | 0.6 | 101.7 | 4.1 | 0.6 | 4.7 |

| Inverse Distance Squared (ID2) >5% Zn cutoff | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Indicated | | | Inferred | | | Total* | | | |
| Million Tonnes (Mt) | Zinc (Zn) % | Lead (PB) % | Million Tonnes (Mt) | Zinc (Zn) % | Lead (PB) % | Million Tonnes (Mt) | Zinc (Zn) % | Lead (PB) % | Zinc + Lead (Zn + Pb) % |
| 14.3 | 7.8 | 0.8 | 8.2 | 7.1 | 0.7 | 22.6 | 7.5 | 0.7 | 8.2 |

**Table 2: Contained Zinc and Lead resource hosts in excess of 10.5 billion pounds of metal**

*(*) Equivalent of 10.5 billion lb of Zn + Pb, Resources is Inferred and Indicated, Ordinary Kriging interpolation.*

*(**) Equivalent of 4.1 billion lb Zn + Pb, Resources is Inferred and Indicated, Inverse Distance Squared interpolation.*

### KEY POINTS

- 38% increase in contained metal over the previous resource estimate
- 25% increase in resources in the Indicated JORC category
- Global - 102Mt @ 4.7% Zn + Pb at a 2% Zn cut-off
- Medium Grade - 56Mt @ 6.1% Zn + Pb at a 3.5% Zn cut-off
- Higher-grade core of 22.6Mt @ 8.2% Zn + Pb at a 5% Zn cut-off (see Table 2);

## 2008 RESOURCE CALCULATION

Since acquisition in early 2007, Ironbark has conducted three field seasons of exploration with a major resource expansion and exploration drilling campaign undertaken in 2008. The total contained resources for the project has now increased by 230% from 3.2 billion to 10.5 billion lb contained Zn + Pb at a JORC level.

There is also a 25% increase in resources in the Indicated category as compared to 2007. This is primarily based on successful drilling at the Beach Zone and Discovery Zone deposits.

This increase in resources at Citronen was based on drilling of 11,229m of diamond core in 43 drill holes during the 2008 field season taking drilling at Citronen to date to over 44,000m since discovery in 1993 (Figure 2).

Procedure: Wireframes constraining mineralisation were based on a minimum down-hole width of 2m grading >2% Zn and a higher grade resource model was constructed using wireframes constructed around minimum downhole width of 2m >4% Zn (4.5% Zn+Pb). Mineralisation envelopes were projected half drillhole spacing at edges of the deposit when mineralisation was open (Figure 3).

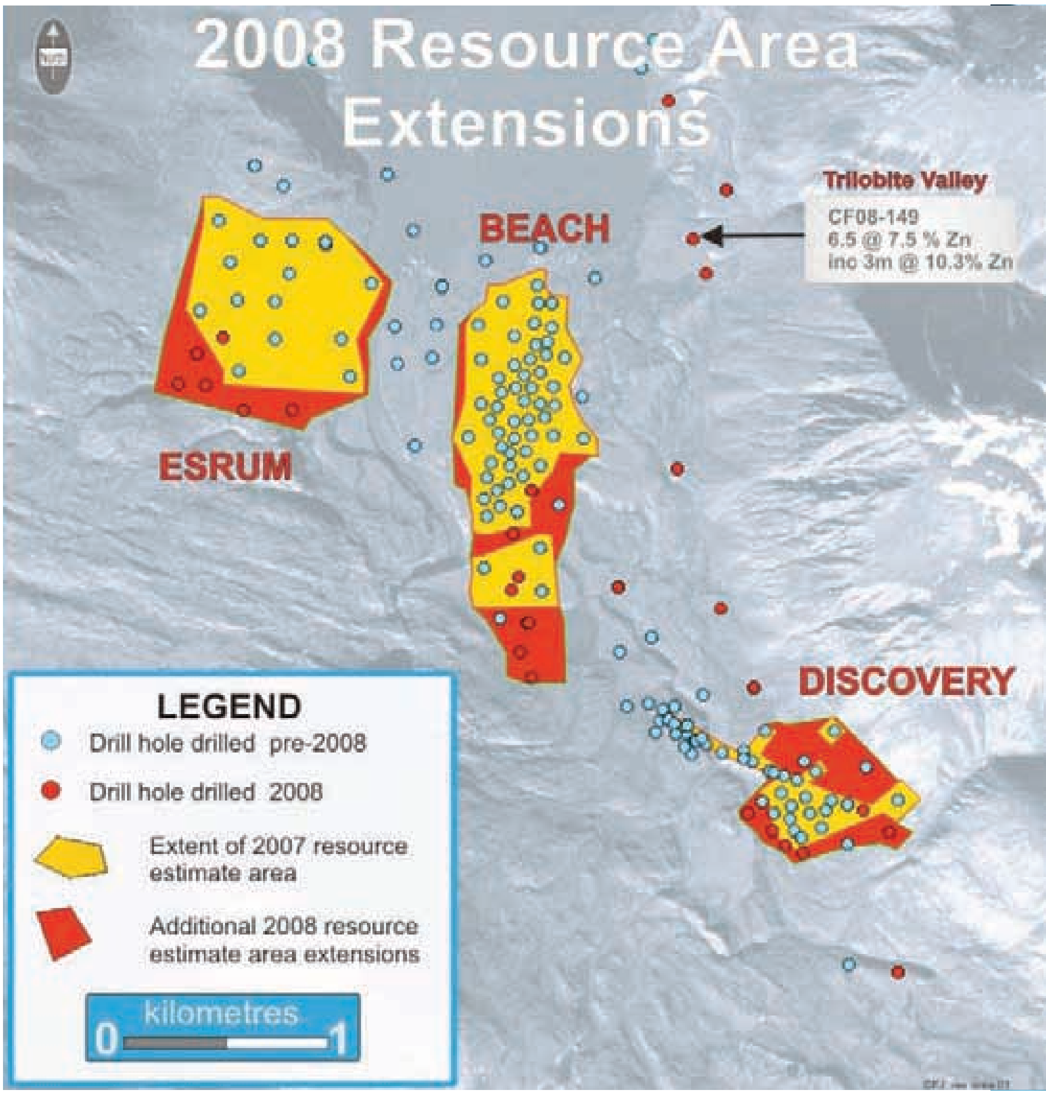
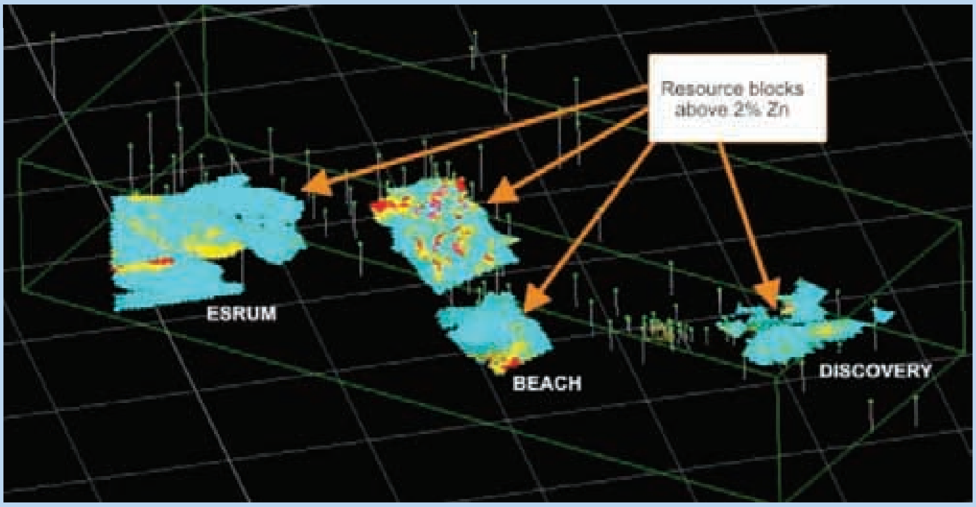



**Figure 2:** **Plan view of Citronen showing drill collars, 2007 and additional, 2008 resource areas.**

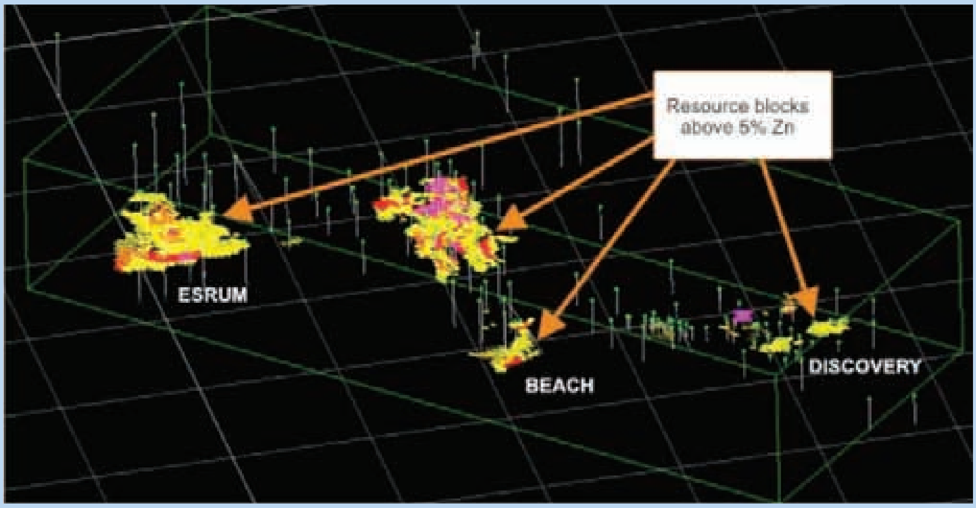
The quoted estimates are based upon results from 181 diamond drill holes totalling 44,228m of diamond core drilled at Citronen to date. Resource modelling involved the use of extensive geological mapping and understanding which has identified new areas to the south west of Esrum which may represent the core of a sulphide mound (ASX release October 2008: Exploration Summary).

Drill core samples were submitted for multi-element analysis using ICP-MS method at ALS Laboratories in Vancouver, Canada. The Citronen drill database now contains 5,263 half diamond drill core sample assays.

Ironbark is confident in increasing resources with further drilling around the already identified Esrum, Beach and Discovery zones and is excited by mineralisation located in newly drilled resource areas such as Trilobite Valley, in which drilling targeting geophysical and rock chip anomalies intersected 6.5m@ 7.5% Zn including 3m @ 10.3% Zn in CF08-149. This highlights the projects exploration potential as it was approximately 1,000m away from previous drilling.




>2% Blocks from Ordinary Kriging model shown in relation to drilling.
*Image taken from Vulcan software.*




>5% Blocks from Ordinary Kriging model shown in relation to drilling.
*Image taken from Vulcan software.*

*2008_OK_2_5_rev01*

**Figure 3: Resource blocks shown in Vulcan 3D software along with drilling. White grid lines are 1,000m spaced for scale. Image is elevated from south west.**

# 4. DENSE MEDIA SEPARATION TESTWORK

Preliminary results from the Citronen base metal project ore upgrading testwork exceeded expectations and effectively doubled the grade of the sample into ~50% of the mass following a crush and gravity sorting process. There was a modest 4% zinc loss for the size fractions which were treated by the upgrading testwork.

The process known as Dense Media Separation (DMS) is a cheap and simple method to pre-concentrate ore prior to mill processing. A detailed summary of the results is available in the ASX release dated 24 March 2009. The DMS process is a widely accepted process used in numerous zinc mining operations such as Mount Isa.

The upgrade of 100% is an exceptional result and has the potential to:

- Radically reduce the capital costs of the processing plant - a smaller processing plant treating upgraded feed can produce the same metal production as a far larger plant treating un-concentrated feed
- Reduce the operating costs – the gravity upgrade is observed at a coarse crush size and is very cost effective. The amount of material that would require a grind and float could effectively halve
- Reduce the tailings dam requirements – with half the volume of ore ground and floated the tailings dams can be reduced in size and in the case of Citronen may be pumped underground with water into the permafrost environment to freeze and form backfill neutralizing any environmental impact of sulphide waste
- Increase potential ore reserve – surface material that would previously have been discarded as waste in open pit operations may be upgraded and treated as medium grade material

Ore zones, particularly at the Discovery and Beach Zones, are characterised by distinct bands of high grade and dense zinc/lead material separated by bands of lighter barren waste material.

Further testwork is required across various ore zones to optimise the crush size to minimise the amount of material that is too fine to treat by DMS (less than 1mm) which would otherwise be directed to the standard grind and float circuit for conventional treatment.

Further DMS testing will be conducted as a matter of priority and will be investigated as a part of the feasibility studies as the project is progressed.

The sample of test material submitted for DMS testing is considered representative of the Beach Zone (Figure 4) which is likely to be targeted as early mine feed.

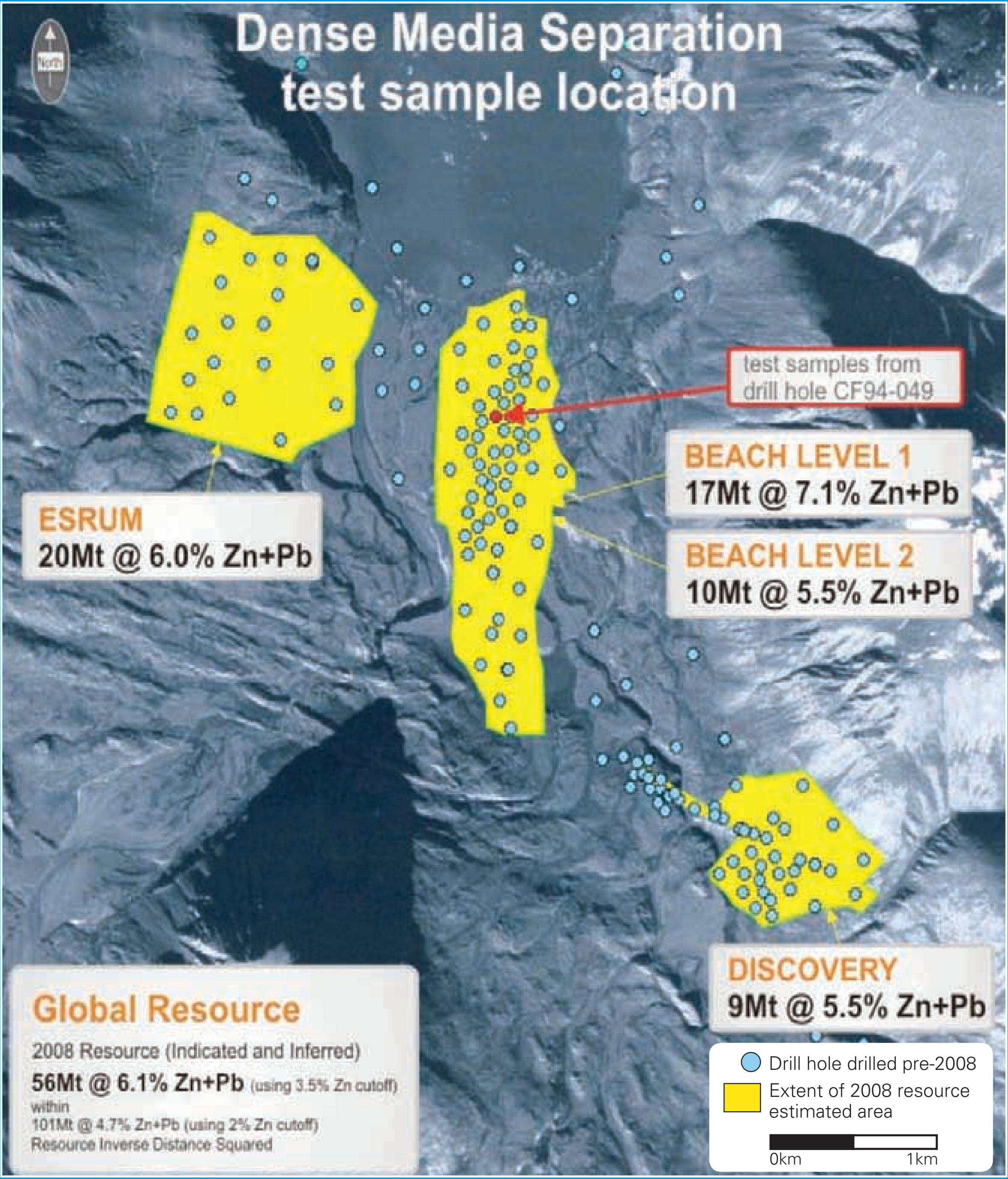



**Figure 4: Drill location for DMS testwork**

## 5.2009 HIGH GRADE MINING REVIEW

The Citronen project is a very large mineralised system that hosts regions of high grade material within the massive medium and low grade resource base. The high grade resource base is currently being reviewed for early selective mining and has the potential to provide several years of feed at grades that may exceed 10% combined lead and zinc. Independent mining engineers have been appointed to provide a high grade feed schedule based on a range of production rates. This work was initiated in recognition of falling zinc prices and to utilise the 2008 resource base which is larger and higher grade than the 2007 resource base and mining study. This is expected to provide the opportunity to selectively exploit identified mineralisation at significantly higher grades than previous studies contemplated.

## 6.CAPITAL COST REDUCTION PROGRAM

Further engineering, primarily based around adopting a Dense Media Separation (DMS) flowsheet, have identified numerous opportunities to reduce capital costs, including significant reductions in the power generation facility and associated fuel storage, milling and flotation circuit size and tailings thickeners and dams.

Ironbark is investigating the applicability of shipping concentrate products using barges to transfer the concentrate to an open water port or smelters, allowing significant reductions in wharf, shipping and storage shed construction costs, fuel and reagent storage costs.

Metallurgical testwork will continue to further optimise the grade/recovery properties of the ore, with the aim of increasing the grade of the concentrate to 55% zinc or higher, from the current 50% zinc grade, while maintaining high levels of recovery.

This work, and additional tests using similar gravity based upgrading methods will be evaluated in the coming months to ensure total capital requirements for the project are minimised and a new optimised study will be released to the market as soon as possible.

## 7.COST CUTTING MEASURES IMPLEMENTED

In recognition of difficult market conditions, despite Ironbark retaining a healthy cash position and no debt, a series of cost cutting measures has been implemented. These measures include the reduction of salaries of all management and Directors as well as some redundancies.

While these are difficult measures to implement and impact the team, they will substantially reduce the cost of running the company and will help to preserve the value of the Citronen project during the global financial crisis for the benefit of all the shareholders.

## 8.CONVERTIBLE NOTE FACILITY DISCUSSIONS TERMINATED

Ironbark entered into formal discussions with a third party regarding a potential Convertible Note Facility (Facility) to fund a full Bankable Feasibility Study (BFS) of the Citronen base metal project. Within the reasonable and contemplated timeframes, formal agreement for the key terms of the Facility (which the Board had originally considered to be compelling and favourable) could not be met and discussions were terminated by Ironbark. The terms of the Facility are protected by confidentiality clauses and limit the information Ironbark is able to release to shareholders.

## 9.EXPLORATION SUMMARY

A highly successful exploration campaign utilising the 3 diamond drill rigs produced 11,229m and has resulted in total drilling until the end of the 2008 field season of 44,228 metres from 181 drill holes (Figure 5). This drilling was tailored to provide information for resource expansion, improving resource confidence levels and providing geotechnical and metallurgical samples for ongoing feasibility studies.

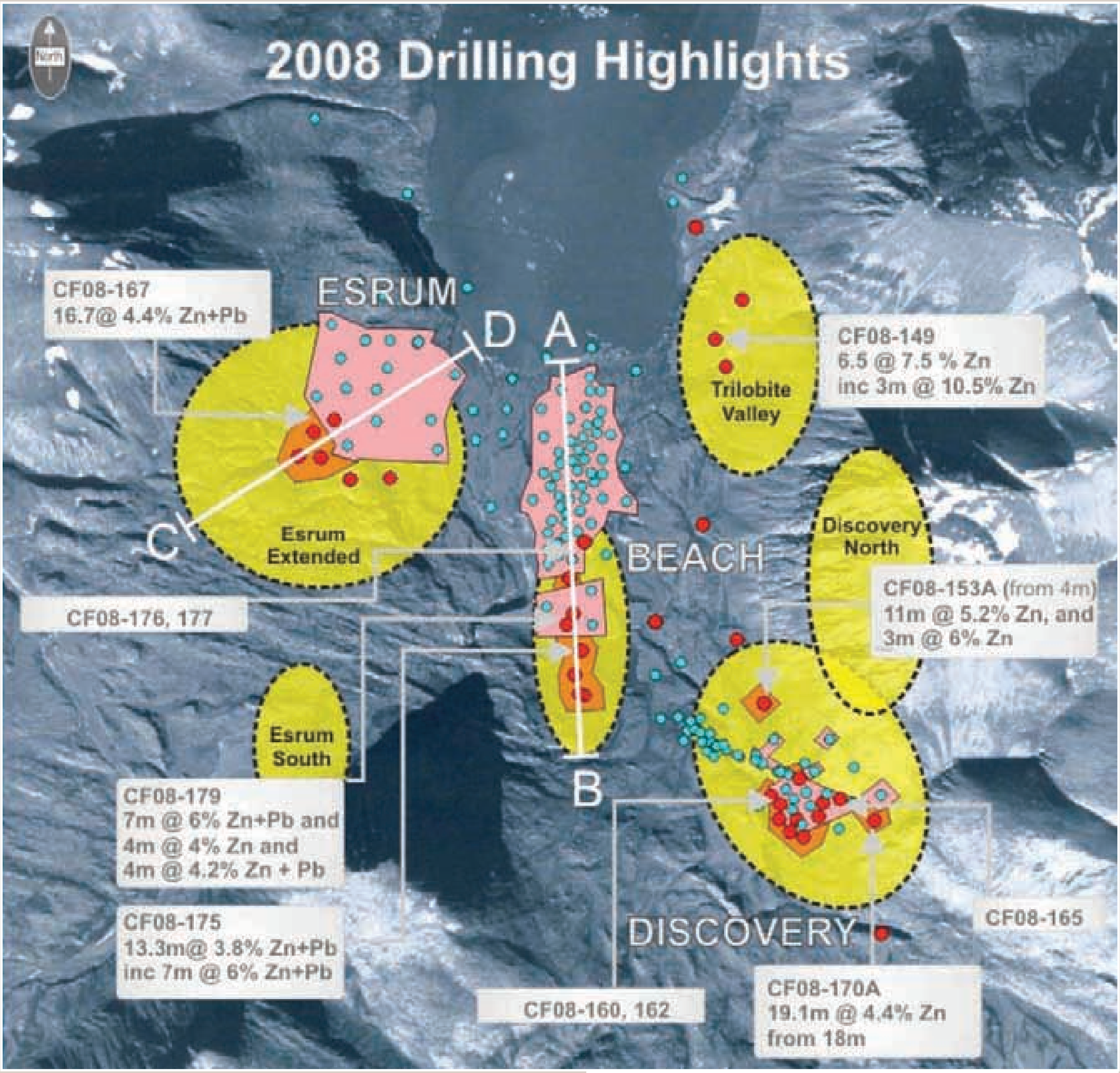



**Figure 5: Plan view of Citronen showing resource areas and drilling, highlighting 2008 exploration and the increases to resource areas and high priority exploration target areas.**

Drill hole drilled pre-2008

2008 Drilling hole location

Extent of 2007 resource estimated area

Indicative 2008 resource estimated area extensions

Immediate Exploration priority target areas based on drilling, geophysics and rock chip sampling/mapping

CF08-175 7m @ 6% Zn — 2008 drilling: Hole ID (CF08) Intercept with (metres) and zinc grade (%)

0km 1km

Of significant interest is drilling which has extended a high-grade core of mineralisation along the southern beach Zone (Figure 6).

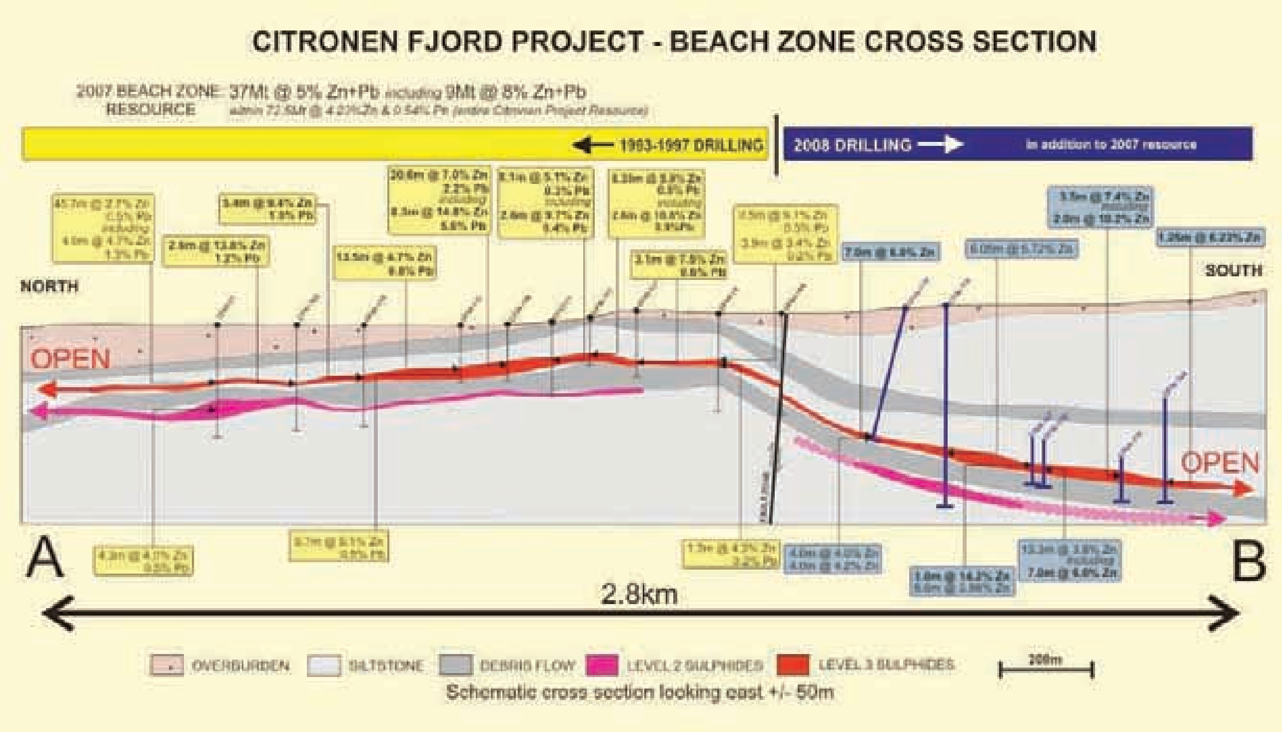



**Figure 6:** **Beach Zone Mineralisation in cross section showing impact of 2008 drilling programme in extending mineralisation. Cross section A-B location is shown in plan view on Figure 5.**

## EXPLORATION DRILLING

Ironbark tested some new exploration targets within the immediate project area. Drilling prospects located 1-3km from previously defined resources returned excellent results, further highlighting the project's exceptional exploration potential. Two significant results of the exploration drilling were;

1) Trilobite Valley - the discovery of previously unknown zinc and lead mineralisation at a prospect called Trilobite Valley on the eastern flank of the Fjord within CF08-149 that returned 6.5m @ 7.7% Zn from 317.4m including 3m @ 10.3% Zn. This drilling was based on geophysical targeting and was over 1,000m from the nearest previous drill hole, and

2) Esrum Expansion - gaining an increased understanding as to the possible nature of mineralisation at Esrum in which previous drilling may have only targeted 25% of the mineralisation and thus potential resource. This is based on the intercepts of large (+50m) zones of massive sulphides (including individual metres grading +6% Zn) at the south-western corner of drilling. These massive sulphide zones are interpreted to represent the core of a base metal rich sulphide mound (Figure 7) which is poorly mineralised but highlights the morphology of the sulphide mound. If the interpretation of the sulphide core is correct then the Esrum zone may be larger than previously interpreted in which previous drilling has only delineated the north-eastern quadrant (Figure 5).

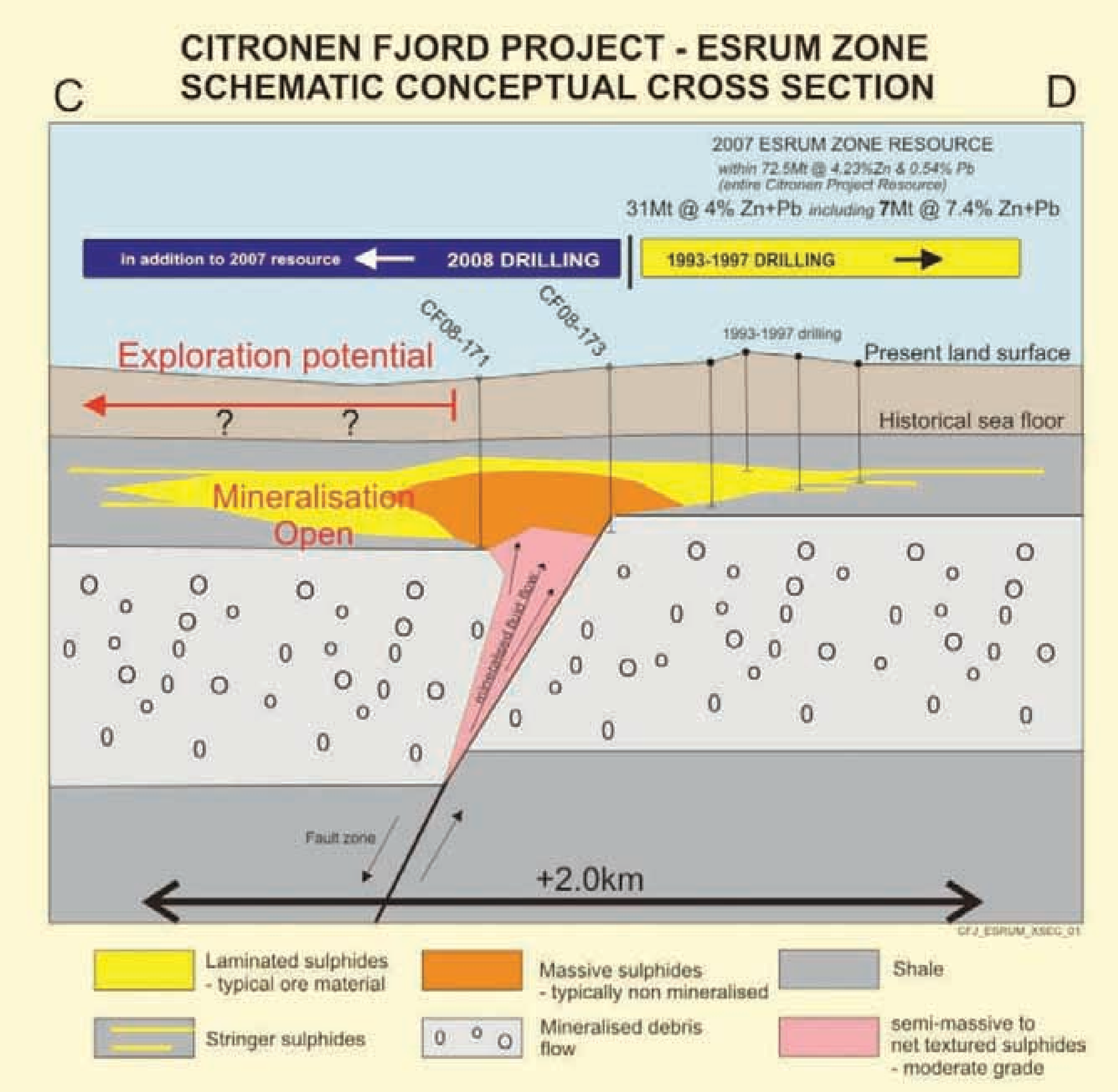



**Figure 7:** **Conceptual schematic cross section through the Esrum Zone showing the model for sulphide mound generation and drilling locations. Drilling prior to 2008 is highlighted. Cross section C-D location is shown in plan view on Figure 1.**

Further targets are ready for drilling after ongoing rock chip sampling and mapping conducted during 2008.

## 10. DIVESTMENT OF GOLD ASSETS INTO WARATAH GOLD IPO

Ironbark successfully divested its gold assets into a new company, Waratah Gold Limited (ASX:WGO) that listed on the Australian Securities Exchange.

Waratah set new standards of business practice with no promoter shares or seed investor shares issued. In addition, no shares or options were granted to the Directors of Ironbark. This resulted in an exceptionally streamlined capital structure. Ironbark is Waratah's largest shareholder with a holding of 5 million shares.

Waratah owns five projects that have collectively produced in excess of 570,000 oz gold and represent an exciting package of exploration and development assets.

Ironbark thanks its supporters and is looking forward to an exciting future for Waratah.

# 11. ABOUT CITRONEN

Ironbark's key focus is the Citronen base metal deposit in Northern Greenland. The current JORC compliant resource for Citronen (November 2008) is detailed as follows:

**55.8 million tonnes at 6.1% zinc (Zn) + lead (Pb)**

| |
|---|
| Indicated resource of 29.9Mt @ 5.8% Zn and 0.6% Pb |
| Inferred resource of 25.9Mt @ 5.0% Zn and 0.7% Pb |

*Using inverse distance squared ($ID^2$) interpolation and reported at a 3.5% Zn cut-off*

including a higher grade resource of:

**22.6 million tonnes at 8.2% zinc (Zn) + lead (Pb)**

| |
|---|
| Indicated resource of 14.3Mt @ 7.8% Zn and 0.7% Pb |
| Inferred resource of 8.2Mt @ 7.1% Zn and 0.7% Pb |

*Using inverse distance squared ($ID^2$) interpolation and reported at a 5% Zn cut-off*

Within a larger global resource of:

**101.7 million tonnes at 4.7% zinc (Zn) + lead (Pb)**

| |
|---|
| Indicated resource of 50.2Mt @ 4.5% Zn and 0.5% Pb |
| Inferred resource of 51.5Mt @ 3.8% Zn and 0.6% Pb |

*Using Ordinary Kriging interpolation and reported at a 2% Zn cut-off*

*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 Gold 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 by $2,025,545 from 30 June 2008 to $120,344,758 in 2009. This is primarily as a result of the loss incurred for the year and the fair value adjustment for the decrease in investments.

The group's working capital, being current assets less current liabilities, has decreased from $10,950,826 in 2008 to $4,224,278 in 2009.

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. On 8th July 2008 Waratah Gold's IPO closed early heavily subscribed.

ii. On 17th July 2008 the company became a substantial shareholder in Waratah Gold Limited holding 5,000,100 shares or 22.22% of the issued capital.

iii. On 17th July 2008 the company sold the following gold tenements to Waratah Gold Limited:
   - EL6793 Majors South
   - EL6575 Stuart Town
   - EL6506 Pambula
   - EL6944 Gulgong
   - EL6930 Boomerang
   The consideration received by the company was 5,000,000 shares in Waratah Gold Limited at $0.02ea.

iv. On 23rd July 2008 the company began trading on the OTCQX exchange in the US.

## AFTER BALANCE DATE EVENTS

i. On 4th August 2009 Mr Vincent Hyde resigned as Director of the company

ii. On 7th August 2009 Mr John McConnell was appointed Non Executive Director of the company.

## 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 D BENNETTO

**Non-executive Chairman**

**Qualifications:** Nil
**Experience:** Mr Bennetto has over thirty 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 Chairman of Waratah Gold Limited (listed 17 July 2008).
**Interest in Shares and Options:** 2,300,000 fully paid Ordinary Shares in Ironbark Gold Limited.
**Directorships held in other listed entities:**
Waratah Gold Limited from 17 July 2008 to date

## MR JONATHAN C DOWNES

**Executive Managing Director**

**Qualifications:** B Sc Geol, MAIG
**Experience:** Mr Downes has over thirteen 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 Graynic Metals Limited, Wolf Minerals Limited, Waratah Gold Limited and the Managing Director of Ironbark Gold Limited.
**Interest in Shares and Options:** 8,235,000 fully paid Ordinary Shares in Ironbark Gold Limited and 5,000,000 options (expiring 10/08/2011).
**Directorships held in other listed entities:**
Graynic Metals 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 Gold Limited from 17 July 2008 to date

## MR ADRIAN P BYASS

**Executive Technical Director**

**Qualifications:** B Sc Hon (Geol), B Econ, FSEG, MAIG
**Experience:** Mr Byass has over thirteen 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, an Executive Director of Ironbark Gold Limited and was appointed Interim Managing Director of Graynic Metals Limited on 3 September 2009.
**Interest in Shares and Options:** 9,650,000 fully paid Ordinary Shares in Ironbark Gold Limited and 5,000,000 options (expiring 10/08/2011)
**Directorships held in other listed entities:**
Wolf Minerals Limited from 20 September 2006 to date
Graynic Metals Limited from 3 September 2009 to date

## MR VINCENT HYDE

**Non-executive Director** (resigned 4th August 2009)

**Qualifications:** MNIA
**Experience:** Mr Hyde has over 40 years banking and corporate advisory experience. He was the managing director of a merchant bank for many years and his responsibilities included overall management and performance of operations in Australia, South East Asia, Republic of South Africa, United Kingdom, France, Germany and North America. My Hyde is also a director of ASX listed company Prime Minerals Limited and Executive Chairman of Power Resources Ltd.
**Interest in Shares and Options:** Nil
**Directorships held in other listed entities:**
Prime Minerals Limited from 18 April 2006 to date
Blaze International Limited from April 2007 to date
Power Resources Limited from 15 February 2008 to date

## MR DAVID KELLY

**Non-executive Director**

**Qualifications:** BCom, CA
**Experience:** Mr Kelly is a qualified Chartered Accountant and has some 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 GREGORY C CAMPBELL

**Executive Director**

**Qualifications:** BE (Chem) Hons, MAusIMM, MIEAust
**Experience:** Mr Campbell has eighteen years engineering experience across Australia primarily in the iron industry. Mr Campbell has experience in process and chemical engineering, operating, marketing and financial analysis of projects in the metals industry. This experience has been gained in various capacities including eight years with BHP Limited in a range of engineering and technical roles, eight years in senior engineer consultancy roles with Aker Kvaerner and Promet Engineers and process engineering work for Ausmelt Limited. Mr Campbell is currently a non-Executive Director of Wolf Minerals Limited and an Executive Director of Ironbark Gold Limited.
**Interest in Shares and Options:** 1,500,000 fully paid Ordinary Shares in Ironbark Gold Limited and 500,000 options (expiring 22/11/2012).
**Directorships held in other listed entities:** Wolf Minerals Limited from 20 September 2006 to 12 June 2009

## MR JOHN McCONNELL

**Non Executive Director** (appointed 7 August 2009)

**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. Mc 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 Vice President Northwest Territories Projects for De Beers Canada. Mr McConnell is currently Executive Vice President 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:** Nil
**Directorships held in other listed entities:** Director of Victoria Gold Corp from 8th January 2009 to date

# REMUNERATION REPORT AUDITED

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 2009 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 |
| Vincent Hyde | Non Executive Director (resigned 4th August 2009) | No fixed term. 3 months notice required to terminate. | - | - | - | 100 | 100 |
| David Kelly | Non Executive 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 Round | Chief Financial Officer and Company Secretary | No fixed term. 1 months notice required to terminate. | - | - | - | 100 | 100 |

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

## REMUNERATION POLICY

The remuneration policy of Ironbark Gold Limited 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 Gold Limited 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. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

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 Gold Limited.

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.

**(a) Key Management Personnel Remuneration**

| | Short Term Benefits | | Share Based Payments | Post Employment Benefits | Total |
|---|---|---|---|---|---|
| 2009 | Salary & fees ($000) | Non Monetary ($000) | Options ($000) | Superannuation ($000) | ($000) |
| Peter Bennetto | 75 | - | - | 7 | 82 |
| Adrian Byass | 146 | 51 | - | 13 | 210 |
| Jonathan Downes | 195 | - | - | 18 | 213 |
| Gregory Campbell | 180 | - | - | 16 | 196 |
| Vincent Hyde | 37 | - | - | - | 37 |
| David Kelly | 37 | - | - | - | 37 |
| David Round | 160 | 21 | - | 14 | 195 |
| | **830** | **72** | **-** | **68** | **970** |
| 2008 | | | | | |
| Peter Bennetto | 61 | 12 | - | 5 | 78 |
| Adrian Byass | 112 | 41 | - | 10 | 163 |
| Jonathan Downes | 162 | - | - | 15 | 177 |
| Gregory Campbell | 151 | - | 178 | 13 | 342 |
| Vincent Hyde | - | 23 | - | - | 23 |
| David Kelly | - | - | - | - | - |
| David Round | 165 | - | - | 15 | 180 |
| | **651** | **76** | **178** | **58** | **963** |

## 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 2009**

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Ironbark Gold Limited and its subsidiaries to increase goal congruence between executives, directors and shareholders.

There were no options issued to directors or executives during the year ended 30 June 2009 and no options exercised or lapsed during the period.

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 | $0.618 |
| Exercise price | $0.850 |
| Expected volatility | 70.00% |
| Option life | 5.2 years |
| Risk-free interest rate | 6.04% |

The following table details the value of options granted, exercised or lapsed during the comparative period.

| | | Options Granted as Part of Remuneration | Total Remuneration Represented by Options | Options Exercised | Options Lapsed | Total |
|---|---|---|---|---|---|---|
| 2008 | Granted (Nº 000) | Value at Grant Date ($000) | (%) | ($000) | ($000) | ($000) |
| Director | | | | | | |
| Gregory Campbell | 500 | 178 | 52.05 | - | - | 178 |

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) | | | ($) | ($) |
| Director | | | | | | |
| Gregory Campbell | 500 | 500 | 29/11/2007 | 22/11/2012 | $0.85 | $0.355 |

All options vest upon grant date and expire within 5 years of vesting and were granted for nil consideration.

**(c) Shares Issued on Exercise of Compensation Options**

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

**(d) Shareholdings**

Number of Shares held by Key Management Personnel

| 2009 | Balance 01.07.2008 | Received as compensation | Options exercised | Net change other | Balance 30.6.2009 |
|---|---|---|---|---|---|
| Number of shares held by key management personnel: | Nº 000 | Nº 000 | Nº 000 | Nº 000 | Nº 000 |
| Jonathan Downes | 8,235 | - | - | - | 8,235 |
| Peter Bennetto | 2,300 | - | - | - | 2,300 |
| Adrian Byass | 9,650 | - | - | - | 9,650 |
| Gregory Campbell | 1,500 | - | - | - | 1,500 |
| **Total** | **21,685** | **-** | **-** | **-** | **21,685** |

*Mr Jonathan Downes previously provided 2,500,000 shares to Opus Prime as part of a lending facility. Mr Downes held an indirect interest in these shares through his wife. Mr Downes has commenced action seeking confirmation of his wife's title to these shares and therefore his indirect interest in the shares. These shares are not included in the total of his direct and indirect share holding in the company.

| 2008 | Balance 01.07.2007 | Received as compensation | Options exercised | Net change other | Balance 30.6.2008 |
|---|---|---|---|---|---|
| Number of shares held by key management personnel: | Nº 000 | Nº 000 | Nº 000 | Nº 000 | Nº 000 |
| Jonathan Downes | 10,700 | - | - | (2,465) | 8,235 |
| Peter Bennetto | 2,300 | - | - | - | 2,300 |
| Adrian Byass | 9,650 | - | - | - | 9,650 |
| Gregory Campbell | 1,500 | - | - | - | 1,500 |
| **Total** | **24,150** | **-** | **-** | **(2,465)** | **21,685** |

### (e) Options and rights holdings

| 2009 | Balance 1.7.2008 | Granted as Compensation | Options Exercised | Net Change Other* | Balance 30.6.2009 |
|---|---|---|---|---|---|
| Number of options held by key management personnel: | Nº 000 | Nº 000 | Nº 000 | Nº 000 | Nº 000 |
| Jonathan Downes | 5,000 | - | - | - | 5,000 |
| Adrian Byass | 5,000 | - | - | - | 5,000 |
| Gregory Campbell | 500 | - | - | - | 500 |
| Don McLean | 500 | - | - | - | 500 |
| David Round | 2,500 | - | - | - | 2,500 |
| **Total** | **13,500** | **-** | **-** | **-** | **13,500** |

*The Net Change Other reflected above includes those options that have been forfeited by holders as well as options issued during the year under review.

| | Balance 30.6.2009 | Total Vested 30.6.2009 | Total Exercisable 30.6.2009 | Total Unexercisable 30.6.2009 |
|---|---|---|---|---|
| Number of options held by key management personnel: | Nº 000 | Nº 000 | Nº 000 | Nº 000 |
| Jonathan Downes | 5,000 | 5,000 | 5,000 | - |
| Adrian Byass | 5,000 | 5,000 | 5,000 | - |
| Gregory Campbell | 500 | 500 | 500 | - |
| Don McLean | 500 | 500 | 500 | - |
| David Round | 2,500 | 2,500 | 1,667 | 833 |
| **Total** | **13,500** | **13,500** | **12,667** | **833** |

| 2008 | Balance 1.7.2007 | Granted as Compensation | Options Exercised | Net Change Other* | Balance 30.6.2008 |
|---|---|---|---|---|---|
| Number of options held by key management personnel: | Nº 000 | Nº 000 | Nº 000 | Nº 000 | Nº 000 |
| Jonathan Downes | 5,000 | - | - | - | 5,000 |
| Adrian Byass | 5,000 | - | - | - | 5,000 |
| Gregory Campbell | - | 500 | - | - | 500 |
| Don McLean | 500 | - | - | - | 500 |
| David Round | 2,500 | - | - | - | 2,500 |
| **Total** | **13,000** | **500** | **-** | **-** | **13,500** |

| | Balance 30.6.2008 | Total Vested 30.6.2008 | Total Exercisable 30.6.2008 | Total Unexercisable 30.6.2008 |
|---|---|---|---|---|
| Number of options held by key management personnel: | Nº 000 | Nº 000 | Nº 000 | Nº 000 |
| Jonathan Downes | 5,000 | 5,000 | - | 5,000 |
| Adrian Byass | 5,000 | 5,000 | - | 5,000 |
| Gregory Campbell | 500 | 500 | 500 | - |
| Don McLean | 500 | 500 | 500 | - |
| David Round | 2,500 | 2,500 | 833 | 1,667 |
| **Total** | **13,500** | **13,500** | **1,833** | **11,667** |

## MEETINGS OF DIRECTORS

During the financial year, nine 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 | 9 | 9 | 1 | 1 | 1 | 1 |
| Jonathan Downes | 9 | 9 | 1 | 1 | 1 | 1 |
| Adrian Byass | 9 | 9 | - | - | - | - |
| Gregory Campbell | 9 | 9 | - | - | - | - |
| Vincent Hyde | 9 | 8 | 1 | 1 | 1 | 1 |
| David Kelly | 9 | 9 | 1 | 1 | - | - |

## 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 $3,573 for each director.

- Peter Benetto
- Jonathan Downes
- Adrian Byass
- Vincent Hyde
- Gregory Campbell
- David Kelly

## OPTIONS

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

| Grant Date | Date of Expiry | Exercise Price | Number under Option |
|---|---|---|---|
| | | $ | 000 |
| 10/08/2006 | 10/08/2011 | 0.06 | 10,000 |
| 09/05/2007 | 18/06/2012 | 0.85 | 3,000 |
| 29/11/2007 | 22/11/2012 | 0.85 | 500 |
| 28/06/2007 | 01/02/2010 | 0.30 | 78,800 |
| | | | 92,300 |

During the year ended 30 June 2009 no ordinary shares of Ironbark Gold Limited were issued on the exercise of options granted under the Ironbark Gold Limited Employee Option Plan and no vendor options were exercised.

## PROCEEDINGS ON BEHALF OF COMPANY

No 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.

The company was not a party to any such proceedings during the year.

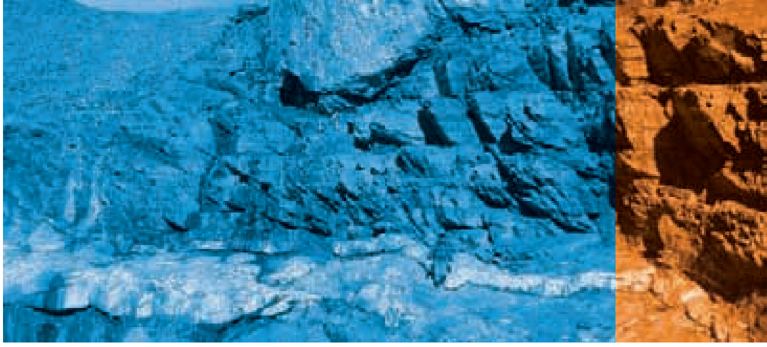
## NON-AUDIT SERVICES

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.

# AUDITOR'S INDEPENDENCE DECLARATION



UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF IRONBARK GOLD LIMITED

MACK & CO.
CHARTERED ACCOUNTANTS

2ND FLOOR, 35 HAVELOCK ST, WEST PERTH WA 6005
PO BOX 609, WEST PERTH WA 6872

TELEPHONE +61 8 9322 2798 FACSIMILE +61 8 9481 2019
E-MAIL: MAIL@MACKCO.COM.AU WEB: MACKCO.COM.AU

**AUDITOR'S INDEPENDENCE DECLARATION**
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**
**TO THE DIRECTORS OF IRONBARK GOLD LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

MACK & CO
Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
West Perth WA 6005

N A Calder, Partner

SEPTEMBER 29 2009
Date

# DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 26 to 49, 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 2009 and of the performance for the year ended on that date of the company and consolidated group;

2. The Chief Executive Officer and Chief Finance 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
29 September 2009


# INDEPENDENT AUDIT REPORT

TO MEMBERS OF IRONBARK GOLD LIMITED

MACK & CO.
CHARTERED ACCOUNTANTS

2ND FLOOR, 35 HAVELOCK ST, WEST PERTH WA 6005
PO BOX 609, WEST PERTH WA 6872

TELEPHONE +61 8 9322 2798 FACSIMILE +61 8 9481 2019
E-MAIL: MAIL@MACKCO.COM.AU WEB: MACKCO.COM.AU

## Report on the financial report

We have audited the accompanying financial report of Ironbark Gold Limited (the Company), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the Group comprising 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report of the Group, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, 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 and fair presentation of the financial report 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*.

*Basis for qualified auditor's opinion*

Given the remote location of plant and equipment, and the prohibitive costs that would be incurred, it is impracticable for us to verify the existence and condition of these assets. In effect, this means we are unable to gather sufficient appropriate audit evidence to satisfy the existence assertion for these assets.

*Qualified auditor's opinion*

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the physical plant and equipment quantities and condition, the financial report of Ironbark Gold Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

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 the directors' for the year ended 30 June 2009. 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.

*Auditor's Opinion*

In our opinion, the remuneration report of Ironbark Gold Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

MACK & CO

MACK & CO

N A CALDER
PARTNER
WEST PERTH

DATE: SEPTEMBER 29 2009

# INCOME STATEMENT


FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

| | | Consolidated Group | | Company | |
|---|---|---|---|---|---|
| | NOTE | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Other revenue | 2 | 864 | 1,605 | 902 | 1,403 |
| Gain on derecognition of subsidiary | | 115 | - | - | - |
| Administration expenses | | 176 | 106 | 175 | 89 |
| Compliance expenses | | 118 | 92 | 118 | 85 |
| Consultancy expenses | | 258 | 157 | 258 | 156 |
| Director's fees | | 241 | 76 | 241 | 76 |
| Employee benefits expense | | 655 | 912 | 655 | 831 |
| Depreciation and amortisation expense | 14 | 406 | 221 | 406 | 221 |
| Equity compensation benefits | 24 | - | 178 | - | 178 |
| Exploration expenditure written off | 16 | 24 | 151 | 24 | 151 |
| Insurance | | 67 | 47 | 67 | 47 |
| Occupancy expenses | | 173 | 191 | 173 | 180 |
| Share of net loss of associate | 13 | 94 | - | - | - |
| Loss before income tax expense | 3 | 1,233 | 526 | 1,215 | 611 |
| Income tax benefit | 4 | 344 | - | 344 | - |
| **Loss attributable to members of the parent entity** | | **889** | **526** | **871** | **611** |

## LOSS PER SHARE

| | | | | | |
|---|---|---|---|---|---|
| Basic loss per share (cents) | 7 | (0.42) | (0.25) | (0.41) | (0.29) |
| Diluted loss per share (cents) | 7 | (0.42) | (0.25) | (0.41) | (0.29) |

The accompanying notes form part of these financial statements.

# BALANCE SHEET AS AT 30 JUNE 2009

| | | Consolidated Group | | Company | |
|---|---|---|---|---|---|
| | NOTE | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents | 8 | 4,251 | 13,283 | 4,251 | 10,357 |
| Trade and other receivables | 9 | 77 | 916 | 116 | 1,080 |
| Inventories | 10 | 107 | 232 | 107 | 232 |
| Other current assets | 15 | 55 | 288 | 55 | 193 |
| TOTAL CURRENT ASSETS | | 4,490 | 14,719 | 4,529 | 11,862 |
| **NON CURRENT ASSETS** | | | | | |
| Plant and equipment | 14 | 2,313 | 2,548 | 2,313 | 2,548 |
| Exploration and evaluation expenditure | 16 | 111,798 | 105,732 | 17,388 | 11,322 |
| Investments accounted for using the equity method | 13 | 600 | - | - | - |
| Financial assets | 11 | 1,806 | 4,000 | 96,790 | 98,310 |
| TOTAL NON CURRENT ASSETS | | 116,517 | 112,280 | 116,491 | 112,180 |
| TOTAL ASSETS | | 121,007 | 126,999 | 121,020 | 124,042 |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables | 17 | 222 | 3,723 | 222 | 755 |
| Short term provisions | 18 | 43 | 45 | 43 | 41 |
| TOTAL CURRENT LIABILITIES | | 265 | 3,768 | 265 | 796 |
| **NON CURRENT LIABILITIES** | | | | | |
| Deferred tax liabilities | 4 | 397 | 861 | 375 | 861 |
| TOTAL NON CURRENT LIABILITIES | | 397 | 861 | 375 | 861 |
| TOTAL LIABILITIES | | 662 | 4,629 | 640 | 1,657 |
| **NET ASSETS** | | 120,345 | 122,370 | 120,380 | 122,385 |
| **EQUITY** | | | | | |
| Issued capital | 19 | 74,165 | 74,165 | 74,165 | 74,165 |
| Reserves | 20 | 49,362 | 50,498 | 49,464 | 50,598 |
| Accumulated losses | | (3,182) | (2,293) | (3,249) | (2,378) |
| **TOTAL EQUITY** | | 120,345 | 122,370 | 120,380 | 122,385 |

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

| | Issued Capital | Accumulated Losses | Asset Revaluation Reserve | Option Reserve | Total |
|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 |
| **CONSOLIDATED GROUP** | | | | | |
| Balance at 1 July 2007 | 68,495 | (2,474) | 2,772 | 49,118 | 117,911 |
| Issue of share capital | 5,326 | - | - | - | 5,326 |
| Exercise of options | 360 | 707 | | (707) | 360 |
| Loss for the year | - | (526) | - | - | (526) |
| Issue of options | - | - | - | 178 | 178 |
| Share issue costs | (16) | - | - | - | (16) |
| Asset Valuation Reserve | - | - | (863) | - | (863) |
| **Balance at 30 June 2008** | **74,165** | **(2,293)** | **1,909** | **48,589** | **122,370** |
| Share of changes recognised directly in associate's equity | - | - | 50 | - | 50 |
| Share of changes recognised directly in associate's equity | - | - | - | 23 | 23 |
| Loss for the year | - | (889) | - | - | (889) |
| Asset revaluation reserve | - | - | (1,209) | - | (1,209) |
| **Balance at 30 June 2009** | **74,165** | **(3,182)** | **750** | **48,612** | **120,345** |
| **THE COMPANY** | | | | | |
| Balance at 1 July 2007 | 68,495 | (2,474) | 2,772 | 49,118 | 117,911 |
| Issue of share capital | 5,326 | - | - | - | 5,326 |
| Loss for the year | - | (611) | - | - | (611) |
| Issue of options | - | - | - | 178 | 178 |
| Share issue costs | (16) | - | - | - | (16) |
| Exercise of options | 360 | 707 | - | (707) | 360 |
| Asset Valuation Reserve | - | - | (763) | - | (763) |
| **Balance at 30 June 2008** | **74,165** | **(2,378)** | **2,009** | **48,589** | **122,385** |
| Loss for the year | - | (871) | - | - | (871) |
| Asset revaluation reserve | - | - | (1,134) | - | (1,134) |
| **Balance at 30 June 2009** | **74,165** | **(3,249)** | **875** | **48,589** | **120,380** |

The accompanying notes form part of these financial statements.

# STATEMENT OF CASHFLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

| | NOTE | Consolidated Group 2009 ($000) | Consolidated Group 2008 ($000) | Company 2009 ($000) | Company 2008 ($000) |
|---|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| Payments to suppliers and employees | | (1,190) | (1,496) | (1,111) | (1,425) |
| Interest received | | 496 | 844 | 497 | 842 |
| Other | | 344 | - | 344 | - |
| **Net cash used in operating activities** | **23** | **(350)** | **(652)** | **(270)** | **(583)** |
| Cash Flows from Investing Activities | | | | | |
| Payments for property, plant and equipment | | (172) | (2,003) | (172) | (2,003) |
| Payments for exploration and evaluation | | (6,132) | (8,074) | (6,166) | (8,074) |
| Proceeds from sale of property, plant and equipment | | - | 51 | - | 51 |
| Proceeds from sale of tenements | | 368 | - | 368 | - |
| Proceeds from sale of investments | | 60 | - | - | - |
| Purchase of investments | | (97) | (1,000) | - | (1,000) |
| **Net cash gained (used) in investing activities** | | **(5,973)** | **(11,026)** | **(5,970)** | **(11,026)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Loans to related parties | | - | (8) | 134 | (179) |
| Proceeds from issue of shares | | - | 5,686 | - | 5,686 |
| Proceeds from application monies | | - | 2,912 | - | - |
| Application monies paid out on derecognition of subsidiary | | (2,912) | - | - | - |
| Payments for deferred share issue cost | | - | (88) | - | - |
| Deferred share issue costs paid out on derecognition of subsidiary | | 88 | - | - | - |
| Profit on derecognition of subsidiary | | 115 | - | - | - |
| Payments for share issue cost | | - | (16) | - | (16) |
| **Net cash provided by (used) in financing activities** | | **(2,709)** | **8,486** | **134** | **5,491** |
| Net increase (decrease) in cash | | (9,032) | (3,192) | (6,106) | (6,118) |
| Cash at beginning of financial year | | 13,283 | 16,475 | 10,357 | 16,475 |
| **Cash at end of financial year** | **8** | **4,251** | **13,283** | **4,251** | **10,357** |

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Ironbark Gold Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of directors on 29 September 2009.

This financial report includes the consolidated financial statements and notes of Ironbark Gold Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Ironbark Gold Limited as an individual parent entity ('Parent Entity').

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

The financial report of Ironbark Gold Limited and controlled entities, and Ironbark Gold Limited as an individual parent entity comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### BASIS OF PREPARATION AND GOING CONCERN BASIS

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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.

The financial statements have been prepared on the going concern basis. As at 30 June 2009 the consolidated entity had net assets of $120,344,758 and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 30 June 2009 the consolidated entity had $4,250,985 in cash and cash equivalents. The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future. At this time the directors are of the opinion that no asset is likely to be realised for an amount less than the amount in the financial report. Accordingly there has been no adjustment in the financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the consolidated entity be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the consolidated entity not continue as a going concern.

## 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.

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 assets.

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.

iii. **Income tax expenses**
Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the balance sheet. 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.

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 income statement.

**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 Consolidated Entity has obtained the legal rights to explore an area are recognised in the income statement.

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 income statement.

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.

## B. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Ironbark Gold Limited ('company' or 'parent entity') as at 30 June 2009 and the results of all controlled entities for the year then ended. Ironbark Gold Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Subsidiaries are all those entities over which the consolidated entity 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 consolidated entity controls another entity.Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. 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 consolidated entity.

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 12 to the financial statements.

## C. 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 balance sheet date.

Deferred tax is accounted for using the balance sheet 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 income statement 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 economic entity 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 Gold Limited and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under tax consolidation legislation.

## D. INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

## E.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 consolidated 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 income statement during the financial period in which they are incurred.

## F. 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 consolidated 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 balance sheet 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 income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

## G. FINANCIAL INSTRUMENTS

The consolidated entity 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 balance sheet 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 consolidated entity 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 balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

**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 balance sheet date.

Purchases and sales of investments are recognised on trade-date being the date on which the consolidated entity 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 consolidated entity has transferred substantially all the risks and rewards of ownership.

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 income statement 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 income statement 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 consolidated entity 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 consolidated entity assesses at each balance 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 income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

## H. 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 balance sheet date. The quoted market price used for financial assets held by the consolidated entity 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 consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance 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 consolidated entity for similar financial instruments.

## I. 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 in the income statement 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 Consolidated Entity'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 income statement. 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.

## 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 parent entity's functional and presentation currency.

**Transaction 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 income statement, 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 income statement.

**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 balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

## K. EMPLOYEE BENEFITS

**a. Wages, salaries and annual leave**
Liabilities for wages, salaries and annual leave expected to be settled within two years 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.

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

**c. Superannuation**
Contributions are made by the consolidated entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

**d. 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.

**e. 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement 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 doubtful debts is raised when some doubt as to collection exists.

## Q. 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.

## 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 bought to account at cost.

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

Other securities are included at fair value at balance date. Unrealised gains/losses on securities held for short term investment are accounted for as set out in Note 1 (g) (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 (g) (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 parent entity 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.

## W. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards — Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:
  - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
  - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
  - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
  - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
  - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
  - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
  - where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.
- The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.
- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.

- AASB 2008-1: Amendments to Australian Accounting Standard — Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.
- AASB 2008-2: Amendments to Australian Accounting Standards — Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.
- AASB 2008-8: Amendments to Australian Accounting Standards — Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.
- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 — Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners be measured at the lower of carrying value and fair value less costs to distribute.
- AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable for annual reporting periods commencing from 1 January 2009). Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Group.
- AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Group.
- AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

# NOTE 2: REVENUE

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Operating Activities | | | | |
| - interest received | 368 | 980 | 368 | 978 |
| Cost recoveries | 413 | 225 | 413 | 225 |
| Profit on sale of fixed assets | - | 1 | - | 1 |
| Gain (loss) on foreign exchange | 3 | - | 3 | - |
| Profit (loss) on sale of investments | (38) | - | - | - |
| Profit on sale of exploration assets | 118 | 399 | 118 | 199 |
| **Total Revenue** | **864** | **1,605** | **902** | **1,403** |

# NOTE 3: LOSS FOR THE YEAR

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| **Losses from operations have been arrived after charging the following items:** | | | | |
| Occupancy costs | 173 | 191 | 173 | 180 |
| Employee benefits expense | 655 | 912 | 655 | 831 |
| Equity compensation benefits | - | 178 | - | 178 |
| Depreciation of non current assets | | | | |
| - plant & equipment | 406 | 221 | 406 | 221 |
| Share of net loss of associate | 94 | - | - | - |

# NOTE 4: INCOME TAX BENEFIT

| | | | | |
|---|---|---|---|---|
| **A. The components of tax benefit comprise:** | | | | |
| Current tax | (344) | - | (344) | - |
| Deferred tax | - | - | - | - |
| **B. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:** | | | | |
| Prima facie tax payable on profit from ordinary activities before income tax at 30% (2008: 30%) | (370) | (158) | (365) | (183) |
| Add: | | | | |
| **Tax effect of:** | | | | |
| Non deductible items | 4 | 7 | 4 | 7 |
| Share based payments | - | 53 | - | 53 |
| Property, plant and equipment | 68 | - | 68 | - |
| Provisions and accruals | - | 11 | - | 8 |
| Accrued interest | 39 | - | 39 | - |
| Tax benefit of revenue losses not recognised | 1,857 | 3,152 | 1,852 | 3,180 |
| Other deferred tax balances not brought to account | - | 36 | - | 36 |
| | **1,968** | **3,259** | **1,963** | **3,284** |
| Less: | | | | |
| Tax benefit of equity raising costs not recognised | 122 | 118 | 122 | 118 |
| Exploration and evaluation expenditure | 1,820 | 2,428 | 1,820 | 2,428 |
| Property, plant and equipment | - | 514 | - | 514 |
| Accrued interest | - | 41 | - | 41 |
| | **1,942** | **3,101** | **1,942** | **3,101** |
| Income tax expense/(benefit) attributable to entity | (344) | - | (344) | - |
| The applicable average weighted tax rates are | 0% | 0% | 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 2008.**

As at the date of this report, the potential refundable tax offset for the reporting period ended 30 June 2009 has not been determined.

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| **D. Deferred Tax balances recognised:** | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Deferred Tax Liabilities: At 30% | | | | |
| Asset Revaluation Reserve | 397 | 861 | 375 | 861 |
| **E. The following deferred tax balances have not been recognised:** | | | | |
| Deferred tax assets: At 30% | | | | |
| Carried forward income tax losses | 6,493 | 4,643 | 6,514 | 4,671 |
| Provisions and accruals | 17 | 19 | 17 | 16 |
| Capital raising costs | 243 | 365 | 243 | 365 |
| | **6,753** | **5,027** | **6,774** | **5,052** |

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

**i.** The company derives future assessable income of a nature and an amount sufficient to enable the benefits to be utilised; and

**ii.** The company continues to comply with the deductibility conditions imposed by law; and

**iii.** No change in income tax legislation adversely affects the company in utilising the benefits.

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| **Deferred tax liabilities: At 30%** | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Exploration, evaluation and development expenditure | 4,941 | 3,397 | 4,941 | 3,397 |
| Accrued income | 2 | 41 | 2 | 41 |
| Property, plant and equipment | 683 | 751 | 683 | 751 |
| | **5,626** | **4,189** | **5,626** | **4,189** |

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 |
| Vincent Hyde | Non Executive Director |
| David Kelly | Non Executive Director |
| Adrian Byass | Executive Director |
| Gregory Campbell | Executive Director |
| David Round | 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**

| 2009 | Balance 1.7.2008 | Granted as Compensation | Options Exercised | Net Change Other* |
|---|---|---|---|---|
| Number of options held by key management personnel: | No. (000) | No. (000) | No. (000) | No. (000) |
| Jonathan Downes | 5,000 | - | - | - |
| Adrian Byass | 5,000 | - | - | - |
| Gregory Campbell | 500 | - | - | - |
| Don McLean | 500 | - | - | - |
| David Round | 2,500 | - | - | - |
| **Total** | **13,500** | **-** | **-** | **-** |

*The Net Change Other reflected above includes those options that have been forfeited by holders as well as options issued during the year under review.

| | Balance 30.6.2009 | Total Vested 30.6.2009 | Total Exercisable 30.6.2009 | Total Unexercisable 30.6.2009 |
|---|---|---|---|---|
| Number of options held by key management personnel: | No. (000) | No. (000) | No. (000) | No. (000) |
| Jonathan Downes | 5,000 | 5,000 | 5,000 | - |
| Adrian Byass | 5,000 | 5,000 | 5,000 | - |
| Gregory Campbell | 500 | 500 | 500 | - |
| Don McLean | 500 | 500 | 500 | - |
| David Round | 2,500 | 2,500 | 1,667 | 833 |
| **Total** | **13,500** | **13,500** | **12,667** | **833** |

**C. Shareholdings**

| 2009 | Balance 30.6.2008 | Received as compensation | Options exercised | Net change other | Balance 30.6.2009 |
|---|---|---|---|---|---|
| Number of shares held by key management personnel: | No. (000) | No. (000) | No. (000) | No. (000) | No. (000) |
| Jonathan Downes | 8,235 | - | - | - | 8,235 |
| Peter Bennetto | 2,300 | - | - | - | 2,300 |
| Adrian Byass | 9,650 | - | - | - | 9,650 |
| Gregory Campbell | 1,500 | - | - | - | 1,500 |
| **Total** | **21,685** | **-** | **-** | **-** | **21,685** |

*Mr Jonathan Downes previously provided 2,500,000 shares to Opus Prime as part of a lending facility. Mr Downes held an indirect interest in these shares through his wife. Mr Downes has commenced action seeking confirmation of his wife's title to these shares and therefore his indirect interest in the shares. These shares are not included in the total of his direct and indirect share holding in the company.

| 2008 | Balance 30.6.2007 | Received as compensation | Options exercised | Net change other | Balance 30.6.2008 |
|---|---|---|---|---|---|
| Number of shares held by key management personnel: | No. (000) | No. (000) | No. (000) | No. (000) | No. (000) |
| Jonathan Downes | 10,700 | - | - | (2,465) | 8,235 |
| Peter Bennetto | 2,300 | - | - | - | 2,300 |
| Adrian Byass | 9,650 | - | - | - | 9,650 |
| Gregory Campbell | 1,500 | - | - | - | 1,500 |
| **Total** | **24,150** | **-** | **-** | **(2,465)** | **21,685** |

# NOTE 6: AUDITORS' REMUNERATION

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Remuneration of the auditor of the parent entity for: | | | | |
| **Auditing or reviewing the financial report** | **48** | **56** | **48** | **56** |

# NOTE 7: LOSS PER SHARE

| | Consolidated Group | |
|---|---|---|
| | 2009 ($000) | 2008 ($000) |
| **A.** Loss used to calculate basis EPS | (889) | (526) |
| **B.** Loss used in the calculation of dilutive EPS | (889) | (526) |
| | No | No |
| **C.** Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 213,286,311 | 207,686,459 |
| **D.** Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS | 92,553,571 | 93,557,534 |

# NOTE 8: CASH AND CASH EQUIVALENTS

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Cash at bank and in hand | 1,203 | 4,235 | 1,203 | 1,309 |
| Short term bank deposits | 3,048 | 9,048 | 3,048 | 9,048 |
| | **4,251** | **13,283** | **4,251** | **10,357** |

The effective interest rate on short-term bank deposits was 4.0% (2008: 7.2%); these deposits have an average maturity of 90 days.

**Reconciliation of cash**

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

| | | | | |
|---|---|---|---|---|
| **Cash and cash equivalents** | **4,251** | **13,283** | **4,251** | **10,357** |

# NOTE 9: TRADE AND OTHER RECEIVABLES

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| **Current** | | | | |
| GST receivable | 23 | 105 | 23 | 97 |
| Supplier prepayment | - | 406 | - | 406 |
| Trade receivable | - | 350 | - | 350 |
| Other receivables | 54 | 47 | 54 | 47 |
| Amounts received from | | | | |
| Other related parties | - | 8 | 39 | 180 |
| | **77** | **916** | **116** | **1,080** |

**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.

# NOTE 10: INVENTORIES

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Current - At cost | | | | |
| **Fuel** | **107** | **232** | **107** | **232** |

# NOTE 11: FINANCIAL ASSETS

| | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
|---|---|---|---|---|
| **Available-for-sale financial assets (a)** | **1,806** | **4,000** | **2,380** | **3,900** |
| Available-for-sale financial assets comprise:<br>Listed investments, at fair value | | | | |
| Shares in listed corporations | 1,806 | 4,000 | 2,380 | 3,900 |
| Unlisted investments, at cost | | | | |
| Shares in controlled entities | - | - | 94,410 | 94,410 |
| **Total available-for-sale financial assets** | **1,806** | **4,000** | **96,790** | **98,310** |

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.

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost. Unlisted available-for-sale financial assets exist within active markets and could be disposed of if required. No intention to dispose of any unlisted available-for-sale financial assets existed at 30 June 2009.

# NOTE 12: CONTROLLED ENTITIES

| | | Percentage owned * | |
|---|---|---|---|
| | Country of incorporation | 2009 (%) | 2008 (%) |
| **A. Subsidiaries of Ironbark Gold Ltd:** | | | |
| Bedford (No 3) Ltd | British Virgin Islands | 100 | 100 |
| Ironbark Zinc Pty Ltd | Australia | 100 | 100 |
| Doctor Evil Pty Ltd | Australia | 100 | 100 |
| Waratah Gold Ltd | Australia | 22.22 | 100 |

**B.** Waratah Gold Ltd was incorporated on 30th May 2007 at a total cost of $100. Waratah Gold Ltd subsequently entered in to an agreement with the company to buy a number of defined projects for a total acquisition of $100,000. Waratah Gold Ltd listed on the Australian Securities Exchange on 17th July 2008 and ceased to be a subsidiary of Ironbark Gold Ltd as at that date.

# NOTE 13: EQUITY ACCOUNTED INVESTMENT IN ASSOCIATED COMPANIES

| | Consolidated Group | |
|---|---|---|
| | 2009 ($000) | 2008 ($000) |
| **Investments accounted for using the equity method** | | |
| Waratah Gold Limited | 600 | - |
| **A. Movements during the year in Equity Accounted Investment in Associated Companies** | | |
| Balance at beginning of the financial year | - | - |
| Add: | | |
| New investments during the year | 100 | - |
| Share of associated company's retained losses during the year | | |
| Realised gain on associated company | 154 | - |
| Share of changes recognised directly in equity | 23 | - |
| Fair value adjustment | 417 | - |
| Less: | | |
| Share of loss for the year | (94) | - |
| **Balance at the end of the year** | **600** | **-** |

Waratah Gold Limited (WGO) was incorporated in Australia on 30 May 2007 and the company holds 5,000,100 shares representing an ownership interest of 22.22% at 30 June 2009 (2008: 100%). WGO was a subsidiary until 7 July 2008 and was reclassified as an associate when it ceased to be a subsidiary. As the company holds 22.2% at 30 June 2009 and since the company has significant influence from representation on the WGO board it is classified as an investment in associate.

The principal activity of WGO is exploration and evaluation of mineral interests. WGO is listed on the Australian Securities Exchange and the fair value of the investment based on the published price quotation at 30 June 2009 was $600,000.00 (2008: not listed).

| Waratah Gold Limited | Consolidated 2009 ($000) | Consolidated 2008 ($000) |
|---|---|---|
| Current assets | 2,925 | - |
| Non-current Assets | 218 | - |
| | **3,143** | **-** |
| Current liabilities | 72 | - |
| **Net assets** | **3,071** | **-** |
| Revenue (07/08/08 to 30/06/09) | 191 | - |
| Net loss (07/08/08 to 30/06/09) | 425 | - |
| Share of associate loss (07/08/08 to 30/06/09) | 94 | - |

# NOTE 14: PROPERTY, PLANT & EQUIPMENT

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Plant and equipment: | | | | |
| At cost | 2,958 | 2,786 | 2,958 | 2,786 |
| Accumulated depreciation | (645) | (238) | (645) | (238) |
| **Total plant and equipment** | **2,313** | **2,548** | **2,313** | **2,548** |

| | Plant and equipment $000 | Total $000 |
|---|---|---|
| **Consolidated Group:** | | |
| Balance at 1 July 2007 | 816 | 816 |
| Additions | 2,003 | 2,003 |
| Disposals | (51) | (51) |
| Depreciation expense | (220) | (220) |
| Balance at 30 June 2008 | 2,548 | 2,548 |
| Additions | 171 | 171 |
| Disposals | - | - |
| Depreciation expense | (406) | (406) |
| **Balance at 30 June 2009** | **2,313** | **2,313** |
| **Parent Entity:** | | |
| Balance at 1 July 2007 | 816 | 816 |
| Additions | 2,003 | 2,003 |
| Disposals | (51) | (51) |
| Depreciation expense | (220) | (220) |
| Balance at 30 June 2008 | 2,548 | 2,548 |
| Additions | 171 | 171 |
| Disposals | - | - |
| Depreciation expense | (406) | (406) |
| **Balance at 30 June 2009** | **2,313** | **2,313** |

# NOTE 15: OTHER ASSETS

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| **Current** | | | | |
| Accrued interest | 8 | 136 | 8 | 136 |
| Bond | 10 | 10 | 10 | 10 |
| Deferred issue expenses | - | 88 | - | - |
| Prepayments | 37 | 54 | 37 | 47 |
| | **55** | **288** | **55** | **193** |

# NOTE 16: EXPLORATION EXPENDITURE

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| **Exploration expenditure capitalised** | | | | |
| - exploration and evaluation phases | 111,798 | 105,732 | 17,388 | 11,322 |
| Accumulated depreciation | - | - | - | - |
| **Total exploration expenditure** | **111,798** | **105,732** | **17,388** | **11,322** |
| **Movement in carrying value:** | | | | |
| Brought forward | 105,732 | 97,638 | 11,322 | 3,228 |
| Exploration assets acquired during the year | - | - | - | - |
| Exploration assets disposed of during the year | (24) | (151) | (24) | (151) |
| Exploration expenditure capitalised during the year | 6,090 | 8,245 | 6,090 | 8,245 |
| Impairment on exploration expenditure | - | - | - | - |
| **At reporting date** | **111,798** | **105,732** | **17,388** | **11,322** |

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.

# NOTE 17: TRADE AND OTHER PAYABLES

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Trade payables | 55 | 718 | 55 | 671 |
| Application monies received in advance | - | 2,912 | - | - |
| Sundry payables and accrued expenses | 167 | 93 | 167 | 84 |
| | **222** | **3,723** | **222** | **755** |

# NOTE 18: PROVISIONS

| | Employee benefits | Total |
|---|---|---|
| | $000 | $000 |
| **Consolidated Group:** | | |
| Opening balance at 1 July 2008 | 45 | 45 |
| Additional provisions | (2) | (2) |
| **Balance at 30 June 2009** | **43** | **43** |
| **Parent Entity:** | | |
| Opening balance at 1 July 2008 | 41 | 41 |
| Additional provisions | 2 | 2 |
| **Balance at 30 June 2009** | **43** | **43** |

| **Analysis of total provisions** | Consolidated Group | | Company | |
|---|---|---|---|---|
| | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Current | 43 | 45 | 43 | 41 |
| Non current | - | - | - | - |
| | **43** | **45** | **43** | **41** |

# NOTE 19: ISSUED CAPITAL

| | | | | |
|---|---|---|---|---|
| **212,701,965 (2008: 212,701,965) fully paid ordinary shares** | **74,165** | **74,165** | **74,165** | **74,165** |

| **A. Ordinary Shares** | Consolidated Group 2009 (Nº) | Consolidated Group 2008 (Nº) | Company 2009 (Nº) | Company 2008 (Nº) |
|---|---|---|---|---|
| At the beginning of reporting period | 212,701,965 | 204,000,000 | 212,701,965 | 204,000,000 |
| Share split | - | - | - | - |
| Shares issued during the year | | | | |
| - 15 February 2008 | - | 7,042,254 | - | 7,042,254 |
| - 06 March 2008 | - | 459,711 | - | 459,711 |
| - 25 March 2008 | - | 1,200,000 | - | 1,200,000 |
| **At reporting date** | **212,701,965** | **212,701,965** | **212,701,965** | **212,701,965** |

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

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 previous financial year, refer to Note 24 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 balance 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 20: 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 21: CAPITAL COMMITMENTS

In order to maintain current rights of tenure to exploration tenements the consolidated entity 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 consolidated entity'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.

| **Capital expenditure commitments contracted for:** | Consolidated Group 2009 ($000) | Consolidated Group 2008 ($000) | Company 2009 ($000) | Company 2008 ($000) |
|---|---|---|---|---|
| **Exploration & evaluation expenditure payable not later than 12 months** | **1,601** | **6,537** | **1,601** | **6,180** |

# NOTE 22: SEGMENT REPORTING

## PRIMARY REPORTING - GEOGRAPHICAL SEGMENTS

| | Australia 2009 ($000) | Australia 2008 ($000) | Greenland 2009 ($000) | Greenland 2008 ($000) |
|---|---|---|---|---|
| **Revenue** | | | | |
| Segment revenue | 864 | 1,605 | - | - |
| **Total revenue** | **864** | **1,605** | **-** | **-** |
| **Result** | | | | |
| Segment result | (1,810) | (1,780) | (402) | (351) |
| Gain on derecognition of susbisdiary | 115 | | | |
| Unallocated expenses net of unallocated revenue | - | - | - | - |
| Loss before income tax | (831) | (175) | (402) | (351) |
| Income tax benefit | 344 | - | | - |
| **Loss after income tax** | **(487)** | **(175)** | **(402)** | **(351)** |
| Assets | | | | |
| Segment assets | 8,312 | 19,292 | 112,694 | 107,707 |
| Unallocated assets | - | - | | - |
| **Total assets** | **8,312** | **19,292** | **112,694** | **107,707** |

| | Australia | | Greenland | |
|---|---|---|---|---|
| **Liabilities** | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Segment liabilities | 265 | 3,448 | - | 320 |
| Unallocated liabilities | - | - | | - |
| **Total liabilities** | **265** | **3,448** | **-** | **320** |
| **Other** | | | | |
| Acquisitions of non-current segment assets | 135 | 33 | 6,102 | 1,970 |
| Depreciation and amortisation of segment assets | 33 | 13 | 397 | 208 |
| Other non cash segment expenses | - | 178 | - | - |

**Accounting Policies**

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

**Intersegment Transfers**

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the consolidated group at an arm's length. These transfers are eliminated on consolidation.

**Business and Geographical Segments**

**Business segments**

The consolidated group has only one business segment being exploration of zinc and gold.

**Geographical segments**

The consolidated group's business segments are located in Australia and Greenland.

# NOTE 23: CASH FLOW INFORMATION

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| **A. Reconciliation of cash flow from operations with profit after income tax** | | | | |
| Net loss | (889) | (526) | (871) | (611) |
| **Non cash flows in profit** | | | | |
| Depreciation | 406 | 221 | 406 | 221 |
| Net loss/(gain) on disposal of property, plant and equipment | (118) | (399) | (118) | (200) |
| Net loss/(gain) on disposal of investments | 38 | - | - | - |
| Gain on derecognition of subsidiary | (115) | - | - | - |
| Share of associate's loss | 94 | - | - | - |
| Write off exploration expenditure | 24 | - | 24 | - |
| Share options expensed | - | 177 | - | 177 |
| **Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries** | | | | |
| (Increase)/decrease in trade and term receivables | 122 | (210) | 196 | (201) |
| (Increase)/decrease in prepayments | 16 | (52) | 9 | (44) |
| Increase/(decrease) in trade payables and accruals | 74 | 106 | 82 | 49 |
| Increase/(decrease) in provisions | (2) | 31 | 2 | 26 |
| **Cash flow from operations** | **(350)** | **(652)** | **(270)** | **(583)** |

**B. Non cash financing and investing activities**

# NOTE 24: SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2009:

There were no share options granted to directors during the financial year ended 30 June 2009. Since balance date, no director has ceased their employment. At balance date, no share option has been exercised.

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

| | Consolidated Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | 2009 | | 2008 | | 2009 | | 2008 | |
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| **Issue to directors** | No | $ | No | $ | No | $ | No | $ |
| Outstanding at the beginning of the year | 10,000,000 | .06 | 10,000,000 | .06 | 10,000,000 | .06 | 10,000,000 | .06 |
| Granted | - | - | - | - | - | - | - | - |
| Forfeited | - | - | - | - | - | - | - | - |
| Exercised | - | - | - | - | - | - | - | - |
| Expired | - | - | - | - | - | - | - | - |
| Outstanding at year end | 10,000,000 | .06 | 10,000,000 | .06 | 10,000,000 | .06 | 10,000,000 | .06 |
| Exercisable at year end | 10,000,000 | .06 | - | .06 | 10,000,000 | .06 | - | .06 |
| **Issue to staff** | | | | | | | | |
| Outstanding at the beginning of the year | 3,500,000 | .85 | 3,000,000 | .85 | 3,500,000 | .85 | 3,000,000 | .85 |
| Granted | - | - | 500,000 | .85 | - | - | 500,000 | .85 |
| Forfeited | - | - | - | - | - | - | - | - |
| Exercised | - | - | - | - | - | - | - | - |
| Expired | - | - | - | - | - | - | - | - |
| Outstanding at year end | 3,500,000 | .85 | 3,500,000 | .85 | 3,500,000 | .85 | 3,500,000 | .85 |
| Exercisable at year end | 2,666,667 | .85 | 1,833,333 | .85 | 2,666,667 | .85 | 1,833,333 | .85 |
| **Issue to vendors** | | | | | | | | |
| Outstanding at the beginning of the year | 78,800,000 | .30 | 80,000,000 | .30 | 78,800,000 | .30 | 80,000,000 | .30 |
| Granted | - | - | - | - | - | - | - | - |
| Forfeited | - | - | - | - | - | - | - | - |
| Exercised | - | - | 1,200,000 | .30 | - | - | 1,200,000 | .30 |
| Expired | - | - | - | - | - | - | - | - |
| Outstanding at year end | 78,800,000 | .30 | 78,800,000 | .30 | 78,800,000 | .30 | 78,800,000 | .30 |
| Exercisable at year end | 78,800,000 | .30 | 78,800,000 | .30 | 78,800,000 | .30 | 78,800,000 | .30 |

There were no options exercised during the year ended 30 June 2009.

The options outstanding at 30 June 2009 had a weighted average exercise price of $0.29 and a weighted average remaining contractual life of 9 months. Exercise prices range from $0.06 to $0.85 in respect of options outstanding at 30 June 2009.

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

# NOTE 25: RELATED PARTY DISCLOSURES

i. Interests in and loans to and from controlled entities in subsidiaries are disclosed in Note 9.

ii. Key management personnel equity holdings are disclosed in the Remuneration Report in the Directors' Report.

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 Gold Limited charges Wolf Minerals Limited, Graynic Metals Ltd and Waratah Gold Limited (all related parties) for shared office and salary expenses. The total charged for the financial year ended 30 June 2009 was $413,212. As at 30 June 2009 $53,351 was outstanding as a receivable to Ironbark Gold Ltd.

# NOTE 26: EVENTS AFTER THE BALANCE SHEET DATE

The directors are currently assessing a report which has calculated an estimated net cash inflow under various pricing assumptions from the Citronen Project. The directors expect to have the analysis completed by the half year.

At this stage the draft report is supporting a carrying value of at least the amount carried in the Financial Report.

# NOTE 27: 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 and loans to and from subsidiaries.

**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 consolidated 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, NKK and CAD.

**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 balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

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

**Price risk**

The group is not exposed to commodity 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 and the parent entity hold the following financial instruments:

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| **Financial assets:** | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Cash and cash equivalents | 4,251 | 13,283 | 4,251 | 10,357 |
| Receivables | 77 | 916 | 116 | 1,080 |
| Investments | 2,406 | 4,000 | 96,790 | 98,310 |
| Total financial assets | 6,734 | 18,199 | 101,157 | 109,747 |
| **Financial liabilities** | | | | |
| Trade and sundry payables | 222 | 3,723 | 222 | 755 |
| Total financial liabilities | 222 | 3,723 | 222 | 755 |
| | **6,512** | **14,476** | **100,935** | **108,992** |
| **Trade and sundry payables are expected to be paid as follows:** | | | | |
| Less than 1 month | 222 | 3,723 | 222 | 755 |

### iii. Net fair values

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

Fair values are materially in line with carrying values.

### 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 balance 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 2009, 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:

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| **Change in profit** | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Increase in interest rate by 1% (100 basis points) | 42 | 140 | 42 | 140 |
| Decrease in interest rate by 1% (100 basis points) | (42) | (140) | (42) | (140) |
| **Change in equity** | | | | |
| Increase in interest rate by 1% (100 basis points) | 42 | 140 | 42 | 140 |
| Decrease in interest rate by 1% (100 basis points) | (42) | (140) | (42) | (140) |

**Foreign Currency Risk Sensitivity Analysis**

At 30 June 2009, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the USD, the Canadian Dollar (CAD), the Danish Krone (DKK), with all other variables remaining constant is as follows:

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| **Change in profit** | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Improvement in AUD to USD by 10% | - | - | - | - |
| Decline in AUD to USD by 10% | - | - | - | - |
| **Change in equity** | | | | |
| Improvement in AUD to USD by 10% | (32) | (58) | (32) | (58) |
| Decline in AUD to USD by 10% | 39 | 71 | 39 | 71 |
| **Change in profit** | | | | |
| Improvement in AUD to CAN by 10% | - | - | - | - |
| Decline in AUD to CAN by 10% | - | - | - | - |
| **Change in equity** | | | | |
| Improvement in AUD to CAN by 10% | (149) | (313) | (149) | (313) |
| Decline in AUD to CAN by 10% | 183 | 383 | 183 | 383 |
| **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% | (80) | (254) | (80) | (254) |
| Decline in AUD to DKK by 10% | 97 | 310 | 97 | 310 |
| **Change in profit** | | | | |
| Improvement in AUD to NOK by 10% | - | - | - | - |
| Decline in AUD to NOK by 10% | - | - | - | - |
| **Change in equity** | | | | |
| Improvement in AUD to NOK by 10% | (90) | (122) | (90) | (122) |
| Decline in AUD to NOK by 10% | 109 | 150 | 109 | 150 |

**Price Risk Sensitivity Analysis**

The majority of the group's and the parent entity's equity 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 and the parent entity'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% (2008 10%) with all other variables held constant and all the group's equity instruments moved according to the historical correlation with the index.

| | Consolidated Group | | Company | |
|---|---|---|---|---|
| **Change in profit** | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Increase in All Ordinaries Index by 10% | - | - | - | - |
| Decrease in All Ordinaries Index by 10% | - | - | - | - |
| **Change in equity** | | | | |
| Increase in All Ordinaries Index 10% | 241 | 400 | 238 | 390 |
| Decrease in All Ordinaries Index by 10% | (241) | (400) | (238) | (390) |

**Interest Rate Risk Exposure Analysis**

| | Weighted Average Effective Interest Rate | | Floating Interest Rate | | Non Interest Bearing | |
|---|---|---|---|---|---|---|
| **FINANCIAL ASSETS** | 2009 (%) | 2008 (%) | 2009 ($000) | 2008 ($000) | 2009 ($000) | 2008 ($000) |
| Cash at bank & on hand | 4.0 | 7.2 | 4,251 | 13,283 | - | - |
| Receivables | - | - | - | - | 77 | 916 |
| Investments | - | - | - | - | 2,406 | 4,000 |
| **Total financial assets** | | | **4,251** | **13,283** | **2,483** | **4,916** |
| **FINANCIAL LIABILITIES** | | | | | | |
| Payables | - | - | - | - | 222 | 3,723 |
| **Total financial liabilities** | | | | | **222** | **3,723** |

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 28: DIVIDENDS

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

# NOTE 29: CONTINGENT ASSETS AND LIABILITIES

The Company is unaware of any contingent assets or liabilities that that may have a material impact on the company's financial position.

# NOTE 30: COMPANY DETAILS

The registered office and principal place of business address is:

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

# ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

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

## 1. SHAREHOLDING

### A. Distribution of Shareholders

| Category (size of holding) | Number Ordinary | Redeemable |
|---|---|---|
| 1 – 1,000 | 53,455 | - |
| 1,001 – 5,000 | 740,494 | - |
| 5,001 – 10,000 | 1,114,156 | - |
| 10,001 – 100,000 | 15,618,761 | - |
| 100,001 – and over | 195,175,099 | - |
| | 212,701,965 | - |

**B.** There were no shareholdings held in less than marketable parcels.

**C.** The names of the substantial shareholders listed in the holding company's register as at 30 June 2009 are:

| Shareholder | Number Ordinary | Preference |
|---|---|---|
| Singpac Inv Holding Pte Ltd | 29,610,593 | - |
| Bedford Resources Holdings Ltd | 22,000,000 | - |
| Singpac Inv Hldg Pte Ltd | 12,500,000 | - |
| HSBC Custody Nom Aust Ltd | 11,233,734 | - |

### D. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

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.

### E. 20 Largest Shareholders – Ordinary Shares

| Name | Number of Ordinary Fully Paid Shares Held | % Held of Issued Ordinary Capital |
|---|---|---|
| 1. Singpac Inv Hldg Pte Ltd | 29,610,593 | 13.92 |
| 2. Bedford Res Hldgs Ltd | 22,000,000 | 10.34 |
| 3. Singpac Inv Hldg Pte Ltd | 12,500,000 | 5.88 |
| 4. HSBC Custody Nom Aust Ltd | 11,233,734 | 5.28 |
| 5. Cangu Pty Ltd | 8,000,000 | 3.76 |
| 6. Kale Cap Corp Ltd | 7,654,954 | 3.60 |
| 7. Megan Roberts | 7,500,000 | 3.53 |
| 8. Katrina Downes | 7,500,000 | 3.53 |
| 9. Standard Bank Plc | 7,042,254 | 3.31 |
| 10. Sincere Liberty Finance L | 5,600,000 | 2.63 |
| 11. Pylara PL | 4,400,000 | 2.07 |
| 12. UBS Wealth Mgnt Aust Nom | 3,000,000 | 1.41 |
| 13. Nicholas Downes | 2,775,000 | 1.30 |
| 14. Bassett M I L & S E | 2,215,000 | 1.04 |
| 15. Delbris PL Saxon S/F A/C | 2,047,490 | .96 |
| 16. Landlife PL | 2,000,000 | .94 |
| 17. Barton Anthony P & C H | 2,000,000 | .94 |
| 18. Mullins M A & P D | 1,775,000 | .83 |
| 19. Canonbar Inv PL | 1,750,000 | .82 |
| 20. Adrian Byass | 1,700,000 | .80 |
| | 142,304,025 | 66.89 |

Note that the total of Singpac Inv Hldg Pty Ltd's holding is 42,110,593.

## 2.
The name of the Company Secretary is David Round.

## 3.
The address of the principal registered office in Australia is Suite 5, Level 1, 350 Hay Street, Subiaco WA 6018. Telephone +61 (0) 8 6461 6350.

## 4.
Registers of securities are held at the following addresses:

**Western Australia**
Security Transfer Registrars,
770 Canning Highway, Applecross, WA 6153

## 5. Securities Exchange Listing
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

## 6. Unquoted Securities
Fully Paid Ordinary Shares

There are no fully paid ordinary shares are on issue and unquoted.

**Options over Unissued Shares**

A total of 92,300,000 options are on issue. Of these 13,500,000 are on issue to 3 directors and 2 employees.

# CORPORATE GOVERNANCE

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2009.

## BOARD COMPOSITION

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the director's report.

The names of the independent directors of the company are:

- Peter Benetto
- Vincent Hyde

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

The names of the members of the nomination committee and their attendance at meetings of the committee are detailed in the directors' report.

## TRADING POLICY

The company's policy regarding directors and employees trading in its securities is set by the finance committee. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

## AUDIT COMMITTEE

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the directors' report.

## REMUNERATION POLICIES

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed by the remuneration committee and was approved by the board. All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The remuneration committee reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The performance of executives is measured against criteria agreed half yearly which is based on the forecast growth of the company's profits and shareholders value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

Executives are also entitled to participate in the employee share and option arrangements.

The amount of remuneration for all key management personnel for the company and the five highest paid executives, including all monetary and non-monetary components, are detailed in the directors report under the heading Key Management Personnel Compensation. All remuneration paid to executives is valued at the cost to the company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.

The board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the consolidated group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the remuneration committee annually as part of the review of executive remuneration and a recommendation is put to the board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria. The board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

## REMUNERATION COMMITTEE

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the directors' report.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

## OTHER INFORMATION

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's web site at .
**www.ironbark.gl**