

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

"Becoming a major base metal miner"



2011



CONTENTS

CORPORATE DIRECTORY	3
MANAGING DIRECTOR'S LETTER	4
DIRECTORS' REPORT	5
AUDITOR'S INDEPENDENCE DECLARATION	17
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	18
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	19
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	20
CONSOLIDATED STATEMENT OF CASHFLOWS	21
NOTES TO THE FINANCIAL STATEMENTS	22
DIRECTORS' DECLARATION	51
INDEPENDENT AUDIT REPORT	52
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES	54
CORPORATE GOVERNANCE	57



CORPORATE DIRECTORY

NON EXECUTIVE CHAIRMAN

Peter Bennetto

EXECUTIVE MANAGING DIRECTOR

Jonathan Downes

EXECUTIVE TECHNICAL DIRECTOR

Adrian Byass

EXECUTIVE ENGINEERING DIRECTOR

Gregory Campbell

NON EXECUTIVE DIRECTOR

David Kelly

John McConnell

Greg McMillan

COMPANY SECRETARY

Robert Orr

PRINCIPAL & REGISTERED OFFICE

Level 1, 350 Hay Street

SUBIACO WA 6008

Telephone: +61 (0) 8 6461 6350

Facsimile: +61 (0) 8 6210 1872

AUDITORS

PKF Mack & Co

Level 2, 35 Havelock Street

WEST PERTH WA 6005

SHARE REGISTRAR

Security Transfer Registrars Pty Ltd

770 Canning Hwy

APPLECROSS WA 6153

Telephone: (08) 9315 2333

Facsimile: (08) 9315 2233

SECURITIES EXCHANGE LISTINGS

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Code: IBG

BANKERS

National Australia Bank

1232 Hay Street

WEST PERTH WA 6005

EMAIL

admin@ironbark.gl

WEBSITE

www.ironbark.gl

LETTER FROM THE MANAGING DIRECTOR

Dear Shareholders

Ironbark has had an eventful and fruitful year. The Ironbark team focused on advancing the Citronen base metal project towards production and advancing the Company into a large scale zinc and lead mining house. We have lodged our environmental impact study with the Government of Greenland and completed the bulk of the engineering studies with our specialist engineering contractors with a focus on completing a Feasibility Study. Some of the elements of the study have been more challenging to complete in the planned timeframes than previously anticipated, particularly the mine scheduling, however significant progress has been made and the work is ongoing. We have also been working in the field on the project with drilling targeting both exploration and development of the resources. The Greenlandic Government remains supportive of our efforts and we are working together to see a top 10 global zinc mining project delivered into production.

During the course of our project engineering work we have identified numerous exciting opportunities which the team is aggressively pursuing. The Company remains well funded to continue the work on the project through to completion of the Feasibility Study and also continue the exploration and development drilling.

The Citronen project provides the opportunity of defining further resources as the limits of mineralisation have yet to be determined. With each tonne of high grade ore discovered, the project economics improve and the executives wish to put the best case scenario forward to shareholders. The 2011 drilling was very successful in defining a new high grade and continuous channel of mineralisation with the massive Esrum resource. This new discovery has significant and positive implications for the project.

The market conditions for equities have remained challenging, particularly for the zinc sector. The zinc market

fundamentals remain very positive with a medium to long term critical supply shortage universally forecast (see Figure 1). Citronen is ideally poised to enter production in very strong market conditions and will strive to be in the position to take full advantage of rising prices.

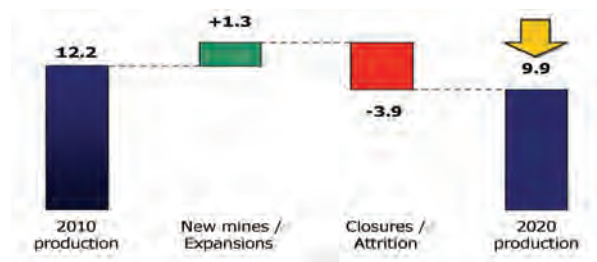


Figure 1: Source Breakwater presentation (March 2011)

Ironbark is also fortunate in having strong and supportive partners in Nyrstar NV, Glencore International AG and China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd (NFC). The recent relationship developed with NFC is expected to provide an excellent opportunity to advance the Citronen project through engineering, designing, procuring, supplying, constructing and potentially funding.

With our wholly owned +11 Billion pound lead and zinc project located in a first world country, supported by a healthy treasury position and with our major shareholders being leading global miners, traders, smelters and engineers, we remain in a unique and strong position. Your ongoing support as shareholders is greatly appreciated and your executives remain diligent and focused.

Jonathan Downes
Managing Director

DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2011.

DIRECTORS

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

Mr Peter Bennetto	Non Executive Chairman
Mr Jonathan Downes	Executive Managing Director
Mr Adrian Byass	Executive Technical Director
Mr Gregory Campbell	Executive Engineering Director
Mr David Kelly	Non Executive Director
Mr John McConnell	Non Executive Director
Mr Erling Sorensen	Non Executive Director (resigned 22 Sept 2010)
Mr Greg McMillan	Non Executive Director (appointed 31 Aug 2010)

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

COMPANY SECRETARY

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

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

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

OPERATING RESULTS

The consolidated loss of the Consolidated Entity after providing for income tax amounted to \$2,061,418 (2010: \$1,030,619).

DIVIDENDS PAID OR RECOMMENDED

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

REVIEW OF OPERATIONS

Ironbark is pleased to report to its shareholders a summary for the substantial work conducted over the year ending 30 June 2011. The Company's focus has been directed towards Citronen with the aim of developing Citronen into a major base metal producer. The Company retains a solid working capital position.

ONGOING ENGINEERING AND FEASIBILITY WORK

Ironbark has concluded the key engineering aspects of the Feasibility Study for its 100% owned Citronen base metal project in Greenland. The study focused on developing a large scale and long life base metal mining operation situated within the stability of a first world Government regime.

Work conducted over the year encompassed the elements of a feasibility study and included:

- Mining Studies
- Site Layout
- Tailings
- Bathymetry
- Metallurgy
- Process Plant
- Survey

The Company is continuing work with our consultants and internal engineering team on additional optimisation of the Study and pursuing several significant opportunities that have presented themselves, including mine schedule optimisation to prioritise underground ore zones and alternative shipping ports. Work is ongoing and the results will be delivered as soon as they have been completed.

ONGOING EXPLORATION AND DEVELOPMENT WORK IN GREENLAND

Exploration work in Greenland on the Mestersvig project in 2011 returned visible base metal mineralisation over multiple metre true widths. The project area covers the historic Blyklippen zinc mine at Mestersvig which operated from 1956 to 1962 and yielded production of 544,600 tonnes for a recovered grade of 9.9% zinc and 9.3% lead. The previous explorers identified additional mineralised structures near the main mine.

Drilling activity was also conducted at the Citronen base metal project during the reporting period in both 2010 and 2011. Drilling at Citronen was primarily aimed at resource definition and infill drilling at the Esrum zone in conjunction with extensional drilling around areas of higher-grade mineralisation at the Beach zone. This activity is targeting the conversion of further resources currently in the Inferred category into Indicated or Measured categories (as classified by the JORC Code 2004). This conversion is required to allow resources to be included in mine optimisation work.

Ironbark also established an exploration camp and commenced drilling at the Cass Prospect in Washington Land. This will be a base for follow-up exploration from the limited work conducted by Rio Tinto Exploration at Washington Land in 1999. The Cass prospect is situated in the Franklinian Basin geological unit which is also the host of the Citronen project. The Cass Prospect mineralisation is considered to be contemporaneous with the Polaris and Nanisivik historic mines located in Canada.

CAPITAL RAISING

Ironbark completed a \$11.52 million share placement before capital raising costs in November 2010, via the placement to institutional and sophisticated investors of 48,000,000 ordinary shares at an issue price of \$0.24 per share.

The placement was closed oversubscribed and issued in one tranche under Ironbark's 15% placement capacity. RBS Morgans acted as Lead Manager to the capital raising. The additional funds will be used to continue development work on the company's flagship Citronen Lead Zinc project in Greenland and for working capital.

RESOURCE UPGRADE

Ironbark announced an upgraded resource in December 2010. Key points of this resource upgrade were;

- Large resource category upgrade with majority of mineralization now in the Measured and Indicated category which was previously mostly classified under the Inferred category.
- Increase in contained metal at equivalent grade in global resource with a 13% increase in contained zinc and lead at +4% zinc (Zn) + lead (Pb) grade to now 11.8 billion pounds (lb) of Zn+Pb using 2% Zn cutoff.
- Esrum and Beach mineralization joined with open-ended mineralization within Level 3 sulphide horizon extending continuously in excess of 3,500 metres based on current drilling.
- Spectacular intercepts reported within 2010 exploration drilling at Valley and XX-Zone, not included in resource figures yet as the drilling density is not sufficient to be classified under JORC but represent high priority drilling targets for 2011.
- Upward pressure on exploration target of 302-347Mt @ 4.4-5.0% Zn+Pb based on exploration success.

The contained metal reported at Citronen for the global resource (2% Zn cutoff) increased by 13% to 11.8 billion pounds of zinc and lead (Zn+Pb). This is primarily due to increases in the tonnage of material which forms the Level 3 sulphide horizons subsequent to increased geological information allowing Beach and Esrum Zones to be joined.

Drilling was also successful in defining spectacular structurally controlled, high-grade mineralization at the XX Zone (35m @ 9.6% Zn+Pb inc 21m @ 14.4% Zn+Pb CF10_271A and CF10_244 which returned 35m @ 9.6% Zn+Pb including 21m @ 14.4% Zn+Pb and interpreted continuations of Discovery mineralization in the Valley Zone.

ABOUT CITRONEN

Ironbark is a well-funded Company listed on the Australian Securities Exchange (ASX: IBG) and focused on the development of a major base metal mining operation in Greenland.

Ironbark seeks to build shareholder value through exploration and development of its projects and also seeks to actively expand the project base controlled by Ironbark. The management and board of Ironbark have extensive technical and corporate experience in the minerals sector.

Citronen currently hosts in excess of 11 Billion pounds of zinc (Zn) and lead (Pb). The current JORC compliant resource for Citronen:

59.9 million tonnes at 5.9% zinc (Zn) + lead (Pb)

Resource Category	Mt	Zn %	Pb %	Zn+Pb%
Measured	15.0	5.8	0.5	6.3
Indicated	19.3	5.1	0.6	5.7
Inferred	25.5	5.3	0.5	5.8
Total	59.9	5.3	0.5	5.9

Using inverse distance squared (ID2) interpolation and reported at a 3.0% Zn cut-off within a larger global resource of:

Resource Category	Mt	Zn %	Pb %	Zn+Pb%
Measured	33.2	3.8	0.5	4.2
Indicated	52.2	3.7	0.5	4.2
Inferred	47.2	3.3	0.4	3.7
Total	132.6	3.6	0.5	4.0

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 Zinc Limited. Mr Byass has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Byass consents to the inclusion in the report of the matters based on this information in the form and context in which it appear.

FINANCIAL POSITION

The net assets of the consolidated entity have increased from \$141,992,006 in 2010 to \$151,747,678 in 2011. This is primarily as a result of the additional capitalised expenditure on the Citronen project for the year.

The group's working capital, being current assets less current liabilities, has decreased from \$15,668,946 in 2010 to \$13,173,877 in 2011.

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:

- On 31 August 2010, the Company appointed Greg McMillan as Non Executive Director as the Nyrstar nominee.
- On 22 September 2010 Erling Sorensen resigned as a Non Executive Director.
- Ironbark announced on 16 November 2010 that it had completed a \$11,520,000 share placement, via the placement of institutional and sophisticated investors of 48,000,000 ordinary shares at an issue price of \$0.24 per share. The additional funds are used to continue development work on Citronen Lead Zinc project and for working capital.

AFTER BALANCE DATE EVENTS

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

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

ENVIRONMENTAL ISSUES

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

INFORMATION ON DIRECTORS

Mr Peter Bennetto

Qualifications

Experience

Non Executive Chairman

GAICD, SA Fin

Mr Bennetto has over 30 years experience in banking and investment. He has had deep involvement in capital, currency and commodity markets with Societe Generale and Banque Indosuez. Mr Bennetto has held company Director positions in exploration, mining and manufacturing companies listed on the ASX since 1990. Mr Bennetto was a founding Director of Anaconda Nickel Ltd and is Non Executive Chairman of Waratah Resources Limited (listed 17 July 2008).

Interest in Shares and Options

Directorships held in other listed entities

274,000 fully paid ordinary shares and 1,000,000 options in Ironbark.

Waratah Resources Limited from 17 July 2008 to date

Mr Jonathan Downes

Qualifications

Experience

Executive Managing Director

BSc Geol, MAIG

Mr Downes has over 15 years experience in the minerals industry and has worked in various geological and corporate capacities. Mr Downes has experience in nickel, gold and base metals and has been intimately involved with numerous private and public capital raisings. Mr Downes was a founding Director of Hibernia Gold (now Moly Mines Limited) and Siberia Mining Corporation Limited. Mr Downes was an Executive Director of Siberia Mining Corporation Limited and is currently a Non Executive Director of Corazon Mining Limited, Wolf Minerals Limited and Waratah Resources Limited.

Interest in Shares and Options

Directorships held in other listed entities

8,385,000 fully paid ordinary shares and 2,000,000 options in Ironbark.

Corazon Mining Limited from 10 April 2006 to date

Wolf Minerals Limited from 20 September 2006 to date

Sabre Resources Limited from 14 December 2007 to date

Waratah Resources Limited from 17 July 2008 to date

Mr Adrian Byass

Qualifications

Experience

Executive Technical Director

BSc Geol (Hons), B Econ, FSEG, MAIG

Mr Byass has over 15 years experience in the mining and minerals industry. This experience has principally been gained through mining, resource estimation, and mine development roles for several gold and nickel mining and exploration companies. Through his experience in resource estimation and professional association membership, Mr Byass is a competent person for reporting to the ASX for certain minerals. Mr Byass has also gained experience in corporate finance and financial modelling during his employment with publicly listed mining companies. Mr Byass was a founder of Siberia Mining Corporation Limited and Hibernia Gold (now Moly Mines Limited). Mr Byass is currently a Non Executive Director of Wolf Minerals Limited and was appointed as a Non Executive Director of Corazon Mining Limited on 3 September 2009.

Interest in Shares and Options

Directorships held in other listed entities

10,455,454 fully paid ordinary shares and 1,500,000 options in Ironbark.

Wolf Minerals Limited from 20 September 2006 to date

Corazon Mining Limited from 3 September 2009 to date

INFORMATION ON DIRECTORS (CONTINUED)

Mr Gregory Campbell

Qualifications

Experience

Executive Engineering Director

B Eng (Hons), MAusIMM, MIEAust

Mr Campbell has 20 years engineering experience across Australia primarily in the iron industry. Mr Campbell has experience in process and chemical engineering as well as operating, marketing and financial analysis of projects in the metals industry. This experience has been gained in various capacities including 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.

Interest in Shares and Options

Directorships held in other listed entities

1,500,000 fully paid ordinary shares and 2,500,000 options in Ironbark

Nil

Mr David Kelly

Qualifications

Experience

Non Executive Director

BCom, CA

Mr Kelly is a qualified Chartered Accountant and has over 10 years experience in finance positions in Australia and the United Kingdom, including senior roles with Chartered Accountants Deloitte Touche Tohmatsu and Royal and SunAlliance Insurance.

Interest in Shares and Options

Directorships held in other listed entities

Nil

Nil

Mr John McConnell

Qualifications

Experience

Non Executive Director

BSc Min Eng

Mr McConnell is a Canadian mining engineer with a wealth of experience in developing and operating base metal and precious mineral mining operations in the Arctic. Mr McConnell has over 30 years of mining experience including exploration, engineering, environmental assessment and permitting, construction and operations. Recently, Mr McConnell was President and CEO of Western Keltic Mines until it was acquired by Sherwood Copper. Prior to that Mr McConnell was the Vice President of Northwest Territories Projects for De Beers Canada. Mr McConnell is currently an 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

Directorships held in other listed entities

80,000 fully paid ordinary shares and 700,000 options in Ironbark

Director of Victoria Gold Corp from 8 January 2009 to date

Mr Greg McMillan

Qualifications

Experience

Non Executive Director

BCom, MBA

Mr McMillan was appointed Chief Operating Officer in August 2007, and is responsible for Nyrstar's global operations. Greg joined the Group in 2003 and has previously held General Manager positions in both mining and smelting operations before being appointed Chief Operating Officer in 2007 upon the creation of Nyrstar. Prior to joining the Nyrstar Group, Greg held managerial positions within Delta Group, Boral, and Brambles Limited and holds a Bachelor of Commerce and Masters in Business Administration.

Interest in Shares and Options

Directorships held in other listed entities

Nil

Nil

REMUNERATION REPORT

— AUDITED

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

REMUNERATION POLICY

The remuneration policy of Ironbark has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of Ironbark believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Consolidated Group, as well as create goal congruence between directors, executives and shareholders.

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

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

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

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

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

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

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

The Board policy is to remunerate Non Executive Directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the Non Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non Executive Directors are not linked to the performance of the Consolidated Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

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

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

REMUNERATION REPORT – AUDITED

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 2011 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.	-	-	56	44	100
Jonathan Downes	Managing Director	No fixed term. 3 months notice required to terminate.	-	-	46	54	100
Adrian Byass	Executive Director	No fixed term. 3 months notice required to terminate.	-	-	41	59	100
Gregory Campbell	Executive Director	No fixed term. 3 months notice required to terminate.	-	-	50	50	100
David Kelly	Non Executive Director	No fixed term. Upon advice from Nominee Glencore required to terminate.	-	-	-	-	-
John McConnell	Non Executive Director	No fixed term. 3 months notice required to terminate	-	-	100	-	100
Greg McMillan	Non Executive Director	No fixed term. Upon advice from nominee Nystar required to terminate	-	-	-	-	-
Robert Orr	Chief Financial Officer and Company Secretary	No fixed term. 3 months notice required to terminate	-	-	40	60	100

REMUNERATION REPORT – AUDITED (CONTINUED)

(a) Key Management Personnel Remuneration

	Short Term Benefits		Share Based Payments	Post Employment Benefits	Total
	Salary and fees	Others	Options	Superannuation	
2011	\$000	\$000	\$000	\$000	\$000
Peter Bennetto	88	-	123	8	219
Adrian Byass	253	-	185	13	451
Jonathan Downes	264	-	246	24	534
Gregory Campbell	226	-	246	20	492
John McConnell	-	-	61	-	61
Robert Orr	218	-	162	20	400
	1,049	-	1,023	85	2,157
2010					
Peter Bennetto	75	-	-	7	82
Adrian Byass	148	65	-	13	226
Jonathan Downes	210	-	-	19	229
Gregory Campbell	195	-	-	17	212
John McConnell	32	-	29	-	61
Robert Orr	77	-	-	7	84
David Round	103	15	-	9	127
	840	80	29	72	1,021

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 2011

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 and its subsidiaries to increase goal congruence between executives, Directors and shareholders.

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

2011		Options Granted as Part of Remuneration	Total Remuneration Represented by Options	Options Exercised	Options Lapsed	Total
	Number Granted	Value at Grant Date				
	000	\$000	%	\$000	\$000	\$000
Director						
Peter Bennetto	1,000	123	56	-	-	123
Jonathan Downes	2,000	246	46	-	-	246
Adrian Byass	1,500	185	41	-	-	185
Gregory Campbell	2,000	246	50	-	-	246
John McConnell	500	61	100	-	-	61
Robert Orr	1,250	162	40	-	-	162

REMUNERATION REPORT – AUDITED (CONTINUED)

(b) Options issued as part of remuneration for the year ended 30 June 2011 (cont)

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

2011	Number Granted	Number Vested	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
	No. 000	No. 000			\$	\$
Director						
Peter Bennetto	1,000	1,000	17/11/2010	16/11/2013	0.45	0.123
Jonathan Downes	2,000	2,000	17/11/2010	16/11/2013	0.45	0.123
Adrian Byass	1,500	1,500	17/11/2010	16/11/2013	0.45	0.123
Gregory Campbell	2,000	2,000	17/11/2010	16/11/2013	0.45	0.123
John McConnell	500	500	17/11/2010	16/11/2013	0.45	0.123
Robert Orr	1,250	1,250	17/11/2010	16/11/2013	0.45	0.123

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	\$0.27
Exercise price	\$0.45
Expected volatility	85%
Option life	3 years
Risk-free interest rate	5.13%

All options vest upon grant date and expire within 3 years of vesting and were granted for nil consideration.

2010	Number Granted	Number Vested	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
	No. 000	No. 000			\$	\$
Director						
John McConnell	200	200	2/10/2009	2/10/2012	0.20	0.144
Gregory Campbell	500	500	20/11/2007	22/11/2012	0.85	0.355

(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

2011	Balance 01.07.2010	Received as compensation	Options exercised	Net change other	Balance 30.06.2011
Number of shares held by key management personnel:	No. 000	No. 000	No. 000	No. 000	No. 000
Peter Bennetto	274	-	-	-	274
Jonathan Downes	8,385	-	-	-	8,385
Adrian Byass	10,335	-	-	120	10,455
Gregory Campbell	1,500	-	-	-	1,500
John McConnell	-	-	-	80	80
Total	20,494	-	-	200	20,694

REMUNERATION REPORT – AUDITED (CONTINUED)

(d) Shareholdings (cont)

2010	Balance 01.07.2009	Received as compensation	Options exercised	Net change other	Balance 30.06.2010
Number of shares held by key management personnel:	No. 000	No. 000	No. 000	No. 000	No. 000
Peter Bennetto	2,300	-	-	(2,026)	274
Jonathan Downes	8,235	-	5,000	(4,850)	8,385
Adrian Byass	9,650	-	5,000	(4,315)	10,335
Gregory Campbell	1,500	-	-	-	1,500
Total	21,685	-	10,000	(11,191)	20,494

(e) Options and rights holdings

2011	Balance 01.07.2010	Received as compensation	Options exercised	Net change other	Balance 30.06.2011
Number of options held by key management personnel:	No. 000	No. 000	No. 000	No. 000	No. 000
Peter Bennetto	-	1,000	-	-	1,000
Jonathan Downes	-	2,000	-	-	2,000
Adrian Byass	-	1,500	-	-	1,500
Gregory Campbell	500	2,000	-	-	2,500
John McConnell	200	500	-	-	700
Robert Orr	-	1,250	-	-	1,250
Total	700	8,250	-	-	8,950

	Balance 30.06.2011	Total Vested 30.06.2011	Total Exercisable 30.06.2011	Total Unexercisable 30.06.2011
Number of options held by key management personnel:	No. 000	No. 000	No. 000	No. 000
Peter Bennetto	1,000	1,000	1,000	-
Jonathan Downes	2,000	2,000	2,000	-
Adrian Byass	1,500	1,500	1,500	-
Gregory Campbell	2,500	2,500	2,500	-
John McConnell	700	700	700	-
Robert Orr	1,250	1,250	1,250	-
Total	8,950	8,950	8,950	-

2010	Balance 01.07.2009	Granted as Compensation	Options exercised	Net change other	Balance 30.06.2010
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
John McConnell	-	200	-	-	200
Don McLean	500	-	-	(500)	-
David Round	2,500	-	-	(2,500)	-
Total	13,500	200	(10,000)	(3,000)	700

REMUNERATION REPORT – AUDITED (CONTINUED)

(e) Options and rights holdings (continued)

	Balance 30.06.2010	Total Vested 30.06.2010	Total Exercisable 30.06.2010	Total Unexercisable 30.06.2010
Number of options held by key management personnel:	No. 000	No. 000	No. 000	No. 000
Jonathan Downes	-	-	-	-
Adrian Byass	-	-	-	-
Gregory Campbell	500	500	500	-
John McConnell	200	200	200	-
Don McLean	-	-	-	-
David Round	-	-	-	-
Total	700	700	700	-

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	6	6	2	2	1	1
Jonathan Downes	6	6	2	2	1	1
Adrian Byass	6	6	-	-	-	-
Gregory Campbell	6	6	-	-	-	-
David Kelly	6	5	2	2	1	1
John McConnell	6	5	-	-	-	-
Greg McMillan	6	5	1	-	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 \$2,846 for each Director.

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

OPTIONS

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

Grant Date	Date of Expiry	Exercise Price \$	Number under Option 000
09/05/2007	18/06/2012	0.85	3,000
29/11/2007	22/11/2012	0.85	500
02/10/2009	02/10/2012	0.85	200
17/11/2010	16/11/2013	0.45	9,050
17/11/2010	16/11/2013	0.35	500
			13,250

PROCEEDINGS ON BEHALF OF COMPANY

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

Apart from the above, no other person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

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

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

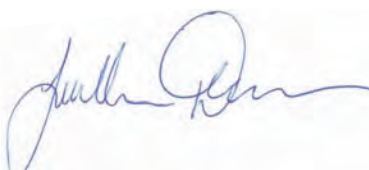
AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 17 of the Directors' Report.

ROUNDING OF AMOUNTS

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

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



Jonathan Downes
Executive Managing Director

Date: 22nd September 2011



AUDITOR'S INDEPENDENCE DECLARATION

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 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.

A handwritten signature in black ink that reads 'PKF MACK & CO'.

PKF MACK & Co

A handwritten signature in black ink that reads 'N A CALDER'.

N A CALDER

PARTNER

WEST PERTH

DATE: 22 SEPTEMBER 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

		2011	2010
	NOTE	\$000	\$000
Other revenue	2	1,927	796
Gain recognised on disposal of interest in former associate	12	2,444	-
Administration expenses		423	234
Compliance expenses		183	178
Consultancy expenses		95	145
Director's fees		75	25
Employee benefits expense		836	544
Depreciation and amortisation expense	13	434	407
Equity compensation benefits	23	1,182	29
Exploration plant and equipment written off	13	2,508	-
Exploration expenditure written off	15	165	-
Insurance		83	58
Occupancy expenses		229	156
Share of net loss of associate		247	129
Loss before income tax expense	3	(2,089)	(1,109)
Income tax benefit	4	28	78
Loss for the year		(2,061)	(1,031)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		(254)	473
Other comprehensive income/(loss), net of tax		(254)	473
Total comprehensive loss for the year		(2,315)	(558)
LOSS PER SHARE			
Basic loss per share (cents)	7	(0.59)	(0.41)
Diluted loss per share (cents)	7	(0.59)	(0.41)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

		2011	2010
	NOTE	\$000	\$000
CURRENT ASSETS			
Cash and cash equivalents	8	12,361	16,859
Trade and other receivables	9	212	154
Other current assets	14	1,942	150
Income tax receivable	4	-	78
TOTAL CURRENT ASSETS		14,515	17,241
NON CURRENT ASSETS			
Plant and equipment	13	63	2,829
Exploration and evaluation expenditure	15	137,646	122,142
Investments accounted for using equity method	12	-	553
Financial assets	10	1,000	1,110
TOTAL NON CURRENT ASSETS		138,709	126,634
TOTAL ASSETS		153,224	143,875
CURRENT LIABILITIES			
Trade and other payables	16	1,241	1,512
Short term provisions	17	100	60
TOTAL CURRENT LIABILITIES		1,341	1,572
NON CURRENT LIABILITIES			
Deferred tax liabilities	4	135	311
TOTAL NON CURRENT LIABILITIES		135	311
TOTAL LIABILITIES		1,476	1,883
NET ASSETS		151,748	141,992
EQUITY			
Issued capital	18	107,680	96,791
Reserves	19	49,665	48,760
Accumulated losses		(5,597)	(3,559)
TOTAL EQUITY		151,748	141,992

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Issued Capital	Accumulated Losses	Asset Revaluation Reserve	Option Reserve	Total
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2009	74,165	(3,182)	750	48,612	120,345
Loss for the year	-	(1,031)	-	-	(1,031)
Other comprehensive income					
Asset revaluation reserve	-	654	(181)	-	473
Total comprehensive income for the year	-	(377)	(181)	-	(558)
Transactions with owners, recorded directly in equity					
Issue of share capital	22,325	-	-	-	22,325
Transaction costs	(149)	-	-	-	(149)
Share options exercised	450	-	-	(450)	-
Equity compensation benefit	-	-	-	29	29
Balance at 30 June 2010	96,791	(3,559)	569	48,191	141,992
Loss for the year	-	(2,061)	-	-	(2,061)
Other comprehensive income					
Asset revaluation reserve	-	-	(254)	-	(254)
Total comprehensive income for the year	-	(2,061)	(254)	-	(2,315)
Transactions with owners, recorded directly in equity					
Issue of share capital	11,520	-	-	-	11,520
Transaction costs	(631)	-	-	-	(631)
Equity compensation benefit	-	-	-	1,182	1,182
Transfer to accumulated losses	-	23	-	(23)	-
Balance at 30 June 2011	107,680	(5,597)	315	49,350	151,748

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

		2011	2010
	NOTE	\$000	\$000
Cash Flows from Operating Activities			
Payments to suppliers and employees		(2,114)	(1,389)
Interest received		557	262
Other		510	343
Net cash flows used in operating activities	22	<u>(1,047)</u>	<u>(784)</u>
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(176)	(925)
Payments for exploration and evaluation		(15,593)	(8,951)
Payments for bonds and deposits		(1,682)	-
Proceeds from sale of investments		927	1,092
Proceeds from disposal of associate		2,200	-
Net cash flows used in investing activities		<u>(14,324)</u>	<u>(8,784)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares		11,520	22,325
Loan to related party		(16)	-
Payments for share issue cost		(631)	(149)
Net cash flows generated from financing activities		<u>10,873</u>	<u>22,176</u>
Net increase/(decrease) in cash and cash equivalents		(4,498)	12,608
Cash and cash equivalents at beginning of financial year		16,859	4,251
Cash and cash equivalents at end of financial year	8	<u>12,361</u>	<u>16,859</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Ironbark for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of Directors on 22 September 2011.

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

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

BASIS OF PREPARATION

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

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standard Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

Basis of Measurement

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

Going Concern basis

The financial statements have been prepared on the going concern basis. As at 30 June 2011 the Consolidated Entity had net assets of \$151,747,678 and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 30 June 2011 the Consolidated Entity had \$12,360,746 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(ii) Impairment of exploration and evaluation assets and investments in and loans to subsidiaries. (continued).

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 statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

(iv) Classification of investments

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

(v) Project valuation

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

b. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Ironbark ('Company' or 'parent entity') as at 30 June 2011 and the results of all controlled entities for the year then ended. Ironbark and its controlled entities together are referred to in this financial report as the 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 11 to the financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Exploration and Evaluation Assets

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

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

- The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

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

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

d. Impairment

(i) Financial Assets

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

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

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

(ii) Exploration and Evaluation Assets

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

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

(iii) Non-financial Assets other than Exploration and Evaluation Assets

The carrying amounts of the 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Impairment (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

e. Income Tax

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

Deferred tax is accounted for using the 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 statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the 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 and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under tax consolidation legislation.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Property, Plant and Equipment

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

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

The cost of fixed assets constructed within the 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 statement of comprehensive income during the financial period in which they are incurred.

g. Depreciation

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

h. Financial Instruments

The 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 reporting date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the 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 reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Available-for-sale financial assets

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Financial Instruments (continued)

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 statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale investments revaluation reserve are recognised in equity in the "available for sale revaluation reserve". When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses from investment securities. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the 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 reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

i. Fair value

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the 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 reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Transactions and balances

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

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

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

Group companies

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

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Employee Benefits

(i) Wages, salaries and annual leave

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

(ii) Employee benefits payable later than one year

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

(iii) Superannuation

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

(iv) Employee benefit on costs

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

(v) Options

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

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

Equity-settled compensation

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

l. Provisions

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

m. Cash and Cash Equivalents

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

n. Revenue and Other Income

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Goods and Services Tax (GST)

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

Cash flows are presented in the 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. Earnings Per Share (EPS)

Basic earnings per share

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

Diluted earnings per share

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

r. Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

s. Investments

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

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

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

t. Acquisition of Assets

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

u. Comparative Figures

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

v. Rounding of Amounts

The 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**w. New standards and interpretations not yet adopted**

The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

AASB No.	Title	Issue Date	Operative Date (Annual reporting periods beginning on or after)
9	Financial Instruments	Dec 2010	1 Jan 2013
10	Consolidation	Aug 2011	1 Jan 2013
11	Joint Arrangements	Aug 2011	1 Jan 2013
12	Disclosure of Interests in Other Entities	Aug 2011	1 Jan 2013
13	Fair Value Measurement	Sep 2011	1 Jan 2013
1053	Application of Tiers of Australian Accounting Standards	Jun 2010	1 Jul 2013
2010 – 2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Jun 2010	1 Jul 2013
2010 – 6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	Nov 2010	1 Jul 2011
2010 – 7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	Dec 2010	1 Jan 2013
2010 – 8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	Dec 2010	1 Jan 2012
2010 – 9	Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	Dec 2010	1 Jul 2011
2010 – 10	Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	Dec 2010	1 Jan 2013
2011 - 1	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]	May 2011	1 Jul 2011
2011 - 2	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]	May 2011	1 Jul 2013
2011 - 4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	Jul 2011	1 Jul 2013

NOTE 2: OTHER REVENUE

	2011	2010
	\$000	\$000
Operating activities		
- interest received	785	285
Cost recoveries	445	415
Profit/(loss) on sale of investments	697	91
Profit on sale of exploration assets	-	5
Total Other Revenue	1,927	796

NOTE 3: LOSS BEFORE INCOME TAX EXPENSES

	2011	2010
	\$000	\$000
Losses before income tax have been arrived after charging the following items:		
Occupancy costs	229	156
Employee benefits expense	836	544
Equity compensation benefits	1,182	29
Depreciation of non-current assets		
- plant & equipment	434	407
Share of net loss of associate	247	129

NOTE 4: INCOME TAX BENEFIT

	2011	2010
	\$000	\$000
a. The components of tax benefit comprise:		
Current tax	(28)	(78)
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% (2010: 30%)	(627)	(333)
Add:		
Tax effect of:		
- Other non-allowance items	81	48
- Share based payments	355	9
- Property, plant and equipment	828	-
- Provisions and accruals	17	4
- Revenue losses not recognised	4,325	3,650
	5,606	3,711
Less:		
- Capital raising costs	162	127
- Exploration, evaluation and development expenditure	4,651	3,103
- Property, plant and equipment	-	141
- Accrued income	68	7
- Other income	98	-
- Research and development tax concession rebate	28	78
	5,007	3,456
Income tax benefit attributable to entity	(28)	(78)
The applicable average weighted tax rates are	0%	0%

- c. The income tax benefit relates to the receipt of a refundable tax offset for research and development expenditure incurred in the reporting period ended 30 June 2010.

As at the date of this report, the potential refundable tax offset for the reporting period ended 30 June 2011 has not been determined.

NOTE 4: INCOME TAX BENEFIT (continued)

	2011	2010
	\$000	\$000
d. Deferred Tax balances recognised:		
Deferred Tax Liabilities:		
At 30%		
Asset Revaluation Reserve	135	311
e. The following deferred tax balances have not been recognised:		
Deferred Tax Assets:		
At 30%		
Carried forward income tax losses	14,398	10,159
Provisions and accruals	38	21
Property, plant and equipment	3	-
Capital raising costs	179	152
	<u>14,618</u>	<u>10,332</u>

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

- (a) The Company derives future assessable income of a nature and an amount sufficient to enable the benefits to be utilised; and
- (b) The Company continues to comply with the deductibility conditions imposed by law; and
- (c) No change in income tax legislation adversely affects the Company in utilising the benefits.

	2011	2010
	\$000	\$000
Deferred Tax Liabilities:		
At 30%		
Exploration, evaluation and development expenditure	12,971	8,319
Accrued income	77	9
Property, plant and equipment	-	825
	<u>13,048</u>	<u>9,153</u>

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

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION**a. Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:**

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

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

b. Options and rights holdings

2011	Balance 01.07.2010	Granted as Compensation	Options Exercised	Net Change Other
Number of options held by key management personnel:	No. 000	No. 000	No. 000	No. 000
Peter Bennetto	-	1,000	-	-
Jonathan Downes	-	2,000	-	-
Adrian Byass	-	1,500	-	-
Gregory Campbell	500	2,000	-	-
John McConnell	200	500	-	-
Robert Orr	-	1,250	-	-
Total	700	8,250	-	-

	Balance 30.06.2011	Total Vested 30.06.2011	Total Exercisable 30.06.2011	Total Unexercisable 30.06.2011
Number of options held by key management personnel:	No. 000	No. 000	No. 000	No. 000
Peter Bennetto	1,000	1,000	1,000	-
Jonathan Downes	2,000	2,000	2,000	-
Adrian Byass	1,500	1,500	1,500	-
Gregory Campbell	2,500	2,500	2,500	-
John McConnell	700	700	700	-
Robert Orr	1,250	1,250	1,250	-
Total	8,950	8,950	8,950	-

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION (continued)**c. Shareholdings**

2011	Balance 30.06.2010	Granted as Compensation	Options exercised	Net change other	Balance 30.06.2011
Number of shares held by key management personnel:	No. 000	No. 000	No. 000	No. 000	No. 000
Jonathan Downes	8,385	-	-	-	8,385
Peter Bennetto	274	-	-	-	274
Adrian Byass	10,335	-	-	120	10,455
Gregory Campbell	1,500	-	-	-	1,500
John McConnell	-	-	-	80	80
Total	20,494	-	-	200	20,694

2010	Balance 30.06.2009	Received as Compensation	Options exercised	Net change other	Balance 30.06.2010
Number of shares held by key management personnel:	No. 000	No. 000	No. 000	No. 000	No. 000
Jonathan Downes	8,235	-	5,000	(4,850)	8,385
Peter Bennetto	2,300	-	-	(2,026)	274
Adrian Byass	9,650	-	5,000	(4,315)	10,335
Gregory Campbell	1,500	-	-	-	1,500
Total	21,685	-	10,000	(11,191)	20,494

d. Key management personnel compensation

	2011	2010
	\$000	\$000
The key management personnel compensation comprised:		
Short term employment benefits	1,134	992
Share based payments	1,023	29
	<u>2,157</u>	<u>1,021</u>

e. Individual Directors' and executives' compensation disclosure

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

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

f. Parent entity

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

g. Wholly-owned group transactions

(i) Loans to key management personnel

There were no loans to key management personnel at the end of the year.

NOTE 6: AUDITORS' REMUNERATION

	2011	2010
	\$000	\$000
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report	82	71

NOTE 7: LOSS PER SHARE

	2011	2010
	\$000	\$000
a. Loss used to calculate basic EPS	(2,061)	(1,031)
Loss used in the calculation of dilutive EPS	(2,061)	(1,031)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	349,324,174	252,813,846
c. Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	349,361,572	252,813,846

NOTE 8: CASH AND CASH EQUIVALENTS

	2011	2010
	\$000	\$000
Cash at bank and in hand	2,268	13,285
Short term bank deposits	10,093	3,574
	12,361	16,859

The effective interest rate on short-term bank deposits was 6% (2010: 4.6%); these deposits have an average maturity of 90 days.

Reconciliation of cash

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

Cash and cash equivalents

12,361

16,859

NOTE 9: TRADE AND OTHER RECEIVABLES

	2011	2010
	\$000	\$000
Current		
GST receivable	43	82
Other receivables	16	3
Amounts received from		
- Other related parties	153	69
	212	154

NOTE 9: TRADE AND OTHER RECEIVABLES (continued)**Provision for Impairment of Receivables**

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

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

NOTE 10: FINANCIAL ASSETS

	2011	2010
	\$000	\$000
Available-for-sale financial assets	1,000	1,110
Available-for-sale financial assets comprise:		
Listed investments, at fair value		
- Shares in listed corporations	1,000	1,110
Total available-for-sale financial assets	1,000	1,110

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.

NOTE 11: CONTROLLED ENTITIES

	Country of incorporation	Percentage owned	
		2011	2010
Subsidiaries of Ironbark Zinc Limited:		%	%
Bedford (No 3) Ltd	British Virgin Islands	100	100
Ironbark Zinc Pty Ltd	Australia	100	100
Doctor Evil Pty Ltd	Australia	100	100

NOTE 12: INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

At 30 June 2010, the Group held a 22.22% interest in Waratah Resources Limited ('Waratah') and accounted for the investment as an associate. In January 2011, the Group disposed of a 17.78% interest to a third party for proceeds of \$2,200,000. During the year, Waratah issued a further 22,633,334 shares which diluted the shareholding of the Group. After the disposal and share issue, the Group retained a 2.2% interest, and from the date of selling the 17.78% interest, recognised the investment as an available-for-sale financial asset. The transaction resulted in the recognition of a gain in profit or loss, calculated as follows:

	\$000
Proceeds of disposal	2,200
Add: Fair value of investment retained	550
Less: Carrying amount of investment on the date of loss of significant influence	(306)
Gain recognised on disposal of associate interest	2,444
The comparative for 30 June 2010	553

NOTE 13: PLANT & EQUIPMENT

	2011	2010
	\$000	\$000
Plant and equipment:		
At cost	4,057	3,883
Accumulated depreciation	(1,486)	(1,052)
Asset written off	(2,508)	(2)
Total plant and equipment	63	2,829

	Plant and Equipment \$000
Consolidated Group:	
Balance at 1 July 2009	2,313
Additions	925
Disposals	-
Asset written off	(2)
Depreciation expense	(407)
Balance at 30 June 2010	2,829
Additions	176
Disposals	-
Asset written off	(2,508)
Depreciation expense	(434)
Balance at 30 June 2011	63

NOTE 14: OTHER CURRENT ASSETS

	2011	2010
	\$000	\$000
Current		
Accrued interest	258	30
Bond (i)	1,647	66
Prepayments	37	54
	1,942	150

- (i) The bond includes an amount of \$1,582,525 which represents an exploration expenditure bond paid to the Bureau of Minerals and Petroleum ("BMP"). The amount is refundable once the Group has met its exploration expenditure commitment, which it expects to meet this year.

NOTE 15: EXPLORATION AND EVALUATION EXPENDITURE

	2011	2010
	\$000	\$000
Exploration expenditure capitalised		
- exploration and evaluation phases	137,646	122,142
Accumulated depreciation	-	-
Total exploration expenditure	<u>137,646</u>	<u>122,142</u>
Movement in carrying value:		
Brought forward	122,142	111,798
Exploration expenditure capitalised during the year	15,669	10,344
Impairment on exploration expenditure	(165)	-
At reporting date	<u>137,646</u>	<u>122,142</u>

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 16: TRADE AND OTHER PAYABLES

	2011	2010
	\$000	\$000
Trade payables	1,149	1,397
Sundry payables and accrued expenses	92	115
	<u>1,241</u>	<u>1,512</u>

NOTE 17: SHORT TERM PROVISIONS

	Employee Benefits \$000
Consolidated Group:	
Opening balance at 1 July 2010	60
Additional provisions	40
Balance at 30 June 2011	<u>100</u>

	2011	2010
	\$000	\$000
Analysis of total provisions		
Current	100	60
	<u>100</u>	<u>60</u>

NOTE 18: ISSUED CAPITAL

	2011	2010
	\$000	\$000
368,392,667 (2010: 320,392,667) fully paid ordinary shares	107,680	96,791

	2011	2010
	No.	No.
a. Ordinary shares		
At the beginning of reporting period	320,392,667	212,701,965
Shares issued during the year	48,000,000	107,690,702
At reporting date	368,392,667	320,392,667

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 options issued to key management personnel during the financial year. For information relating to share options issued to key management personnel during the current and comparative financial year, refer to Note 23 Share-based Payments.

c. Capital Management

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

NOTE 19: 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 20: 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.

	2011	2010
	\$000	\$000
Capital expenditure commitments contracted for:		
Exploration and evaluation expenditure payable not later than 12 months	1,468	4,410

NOTE 21: OPERATING SEGMENTS

Identification of reportable segments

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

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

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

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

	Australia	Greenland	Total
	\$000	\$000	\$000
(i) Segment performance			
For the year ended 30 June 2011			
Revenue			
Interest revenue	785	-	785
Profit on sale of shares	697	-	697
R&D tax claim	28	-	28
Total segment revenue	1,510	-	1,510
Reconciliation of segment result to group net profit/(loss)			
before tax			
Amounts not included in segment result but reviewed			
by the Board:			
– Depreciation expenses	(19)	(415)	(434)
– Exploration expenditure written off	-	(165)	(165)
– Exploration asset written off	-	(2,508)	(2,508)
Unallocated items:			
– Other revenue			445
– Share of net loss of associate			(247)
– Gain recognised on disposal of interest in former associate			2,444
– Other expenses			(3,106)
Net loss before tax			(2,061)
(ii) Segment assets			
As at 30 June 2011			
Segment assets at 1 July 2010	1,537	123,434	124,971
Segment asset increase for the period:			
– Exploration expenditure	93	15,410	15,503
– Plant and equipment	-	(2,765)	(2,765)
	1,630	136,079	137,709
Reconciliation of segment assets to group assets			
Unallocated assets:			
– Financial assets			1,000
– Other assets			14,515
Total group assets			153,224

NOTE 21: OPERATING SEGMENTS (continued)

	Australia	Greenland	Total
	\$000	\$000	\$000
(iii) Segment liabilities as at 30 June 2011			
Segment liabilities at 1 July 2010			
Reconciliation of segment liabilities to group liabilities			
– Other liabilities	457	1,019	1,476
Total group liabilities			1,476
(iv) Segment performance for the year ended 30 June 2010			
Revenue			
Interest revenue	285	-	285
Profit on sale of shares	91	-	91
R&D tax claim	78	-	78
Total segment revenue	454	-	454
Reconciliation of segment result to group net profit/(loss) before tax			
Amounts not included in segment result but reviewed by the Board:			
– Depreciation expenses	(11)	(396)	(407)
Unallocated items:			
– Other revenue			420
– Share of net loss of associate			(129)
– Other expenses			(1,369)
Net loss before tax			(1,031)
(v) Segment assets as at 30 June 2010			
Segment assets at 1 July 2009	1,328	112,890	114,218
Segment asset increase for the period:			
– Exploration expenditure	164	10,074	10,238
– Plant and equipment	45	470	515
	1,537	123,434	124,971
Reconciliation of segment assets to group assets			
Unallocated assets:			
– Equity accounted associate			553
– Other assets			18,351
Total group assets			143,875
(vi) Segment liabilities as at 30 June 2010			
Segment liabilities at 1 July 2009			
Reconciliation of segment liabilities to group liabilities			
– Other liabilities	668	1,215	1,883
Total group liabilities			1,883

NOTE 22: CASH FLOW INFORMATION

	2011	2010
	\$000	\$000
Reconciliation of cash flow from operations with profit after income tax		
Net loss for the year	(2,061)	(1,031)
Non cash flows in profit		
Depreciation	434	407
Net gain on disposal of property, plant and equipment	-	-
Net loss/(gain) on disposal of investments	(696)	(92)
Gain on derecognition of subsidiary	-	-
Gain recognised on disposal of interest in former associate	(2,444)	-
Share of associate's loss	246	129
Write off plant and equipment	-	2
Write off exploration expenditure	165	-
Loss on foreign exchange	59	-
Write off exploration assets	2,508	-
Share options expensed	1,182	29
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	(197)	(188)
(Increase)/decrease in prepayments	7	(6)
Increase/(decrease) in trade payables and accruals	(289)	(52)
Increase/(decrease) in provisions	39	18
Cash flow from operations	<u>(1,047)</u>	<u>(784)</u>

NOTE 23: SHARE BASED PAYMENTS

	2011		2010	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Issue to Directors	No. 000	\$	No. 000	\$
Outstanding at the beginning of the year	200	0.20	10,000	0.06
Granted	7,000	0.45	200	0.20
Forfeited	-	-	-	-
Exercised	-	-	(10,000)	0.06
Expired	-	-	-	-
Outstanding at year end	7,200	0.44	200	0.20
Exercisable at year end	7,200	0.44	200	0.20

NOTE 23: SHARE BASED PAYMENTS (continued)

	2011		2010	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Issue to staff	No. 000	\$	No. 000	\$
Outstanding at the beginning of the year	500	0.85	3,500	0.85
Granted	2,550	0.43	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year end	3,050	0.50	3,500	0.85
Exercisable at year end	3,050	0.50	3,500	0.85
Issue to vendors				
Outstanding at the beginning of the year	-	-	78,800	0.30
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(78,800)	0.30
Outstanding at year end	-	-	-	-
Exercisable at year end	-	-	-	-

The options outstanding at 30 June 2011 had a weighted average exercise price of \$0.46 and a weighted average remaining contractual life of 2.32 years.

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

NOTE 24: RELATED PARTY DISCLOSURES

- Interests in controlled entities is disclosed in Note 11. Amount receivable from Dr Evil Pty Ltd for the financial year ended 30 June 2011 was \$39,080 and amount payable to Ironbark Zinc Pty Ltd for the financial year ended 30 June 2011 was \$25,685.
- Details relating to key management personnel, including remuneration paid and equity holdings are included in note 5.
- No amounts in addition to those disclosed in the Remuneration Report in the Directors' Report were paid or payable to Directors of the Company at the end of the year.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Ironbark charges Wolf Minerals Limited, Corazon Mining Limited and Waratah Resources Limited for shared office and salary expenses. The total charged for the financial year ended 30 June 2011 was \$445,422. As at 30 June 2011 \$120,412 was outstanding as a receivable to Ironbark Zinc Limited.

NOTE 25: EVENTS AFTER THE BALANCE SHEET DATE

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

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

NOTE 26: 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, NOK 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 reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The 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

(i) Commodity price risk

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

(ii) Equity price risk

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

The Group holds the following financial instruments:

NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

	2011	2010
	\$000	\$000
Financial assets:		
Cash and cash equivalents	12,361	16,859
Receivables	212	154
Investments	1,000	1,663
Total financial assets	13,573	18,676
Financial liabilities		
Trade and sundry payables	1,240	1,512
Total financial liabilities	1,240	1,512
	12,333	17,164
Trade and sundry payables are expected to be paid as follows:		
Less than 1 month	1,240	1,512

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 reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2011, 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:

	2011	2010
	\$000	\$000
Change in profit		
Increase in interest rate by 1 %		
(100 basis points)	124	168
Decrease in interest rate by 1 %		
(100 basis points)	(124)	(168)
Change in equity		
Increase in interest rate by 1 %		
(100 basis points)	124	168
Decrease in interest rate by 1 %		
(100 basis points)	(124)	(168)

NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

	2011	2010
	\$000	\$000
Change in profit		
Improvement in AUD to USD by 10%	-	-
Decline in AUD to USD by 10%	-	-
Change in equity		
Improvement in AUD to USD by 10%	(1)	(49)
Decline in AUD to USD by 10%	1	60
Change in profit		
Improvement in AUD to CAD by 10%	-	-
Decline in AUD to CAD by 10%	-	-
Change in equity		
Improvement in AUD to CAD by 10%	(42)	(11)
Decline in AUD to CAD by 10%	52	13
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%	(45)	(30)
Decline in AUD to DKK by 10%	56	36
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%	-	(1)
Decline in AUD to NOK by 10%	-	1

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% (2010: 10%) with all other variables held constant and all the group's equity instruments moved according to the historical correlation with the index.

NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

	2011	2010
	\$000	\$000
Change in profit		
Increase in All Ordinaries Index by 10%	-	-
Decrease in All Ordinaries Index by 10%	-	-
Change in equity		
Increase in All Ordinaries Index 10%	100	107
Decrease in All Ordinaries Index by 10%	(100)	(107)

Interest Rate Risk Exposure Analysis

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing	
	2011 %	2010 %	2011 \$000	2010 \$000	2011 \$000	2010 \$000
FINANCIAL ASSETS						
Cash at bank & on hand	6	4.6	12,361	16,859	-	-
Receivables	-	-	-	-	212	154
Investments	-	-	-	-	1,000	1,663
Total financial assets			12,361	16,859	1,212	1,817
FINANCIAL LIABILITIES						
Payables	-	-	-	-	1,241	1,512
Total financial liabilities			-	-	1,241	1,512

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 27: PARENT ENTITY DISCLOSURES

Financial Positions	2011	2010
	\$000	\$000
Assets		
Current assets	14,527	17,280
Non-current assets	138,709	126,661
Total assets	153,236	143,941
Liabilities		
Current liabilities	1,340	1,573
Non-current liabilities	135	468
Total liabilities	1,475	2,041
Net assets	151,761	141,900
Equity		
Issued capital	107,680	96,791
Equity settled benefits	49,350	48,167
Investment reserves	315	1,092
Accumulated losses	(5,584)	(4,150)
Total equity	151,761	141,900

NOTE 27: PARENT ENTITY DISCLOSURES (continued)

Financial Performance	2011	2010
	\$000	\$000
Loss for the year	(1,434)	(901)
Other comprehensive income/(loss)	(777)	217
Total comprehensive loss	<u>(2,211)</u>	<u>(684)</u>

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 may have a material impact on the Company's financial position.

NOTE 30: COMPANY DETAILS

The registered office and principal place of business is:

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

DIRECTOR'S DECLARATION

The Directors of the Company declare that:

1. The financial statements, notes and additional disclosures included in the Directors' Report and designated as audited, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company and Consolidated Group;
 - c. the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statement.
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 295A of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;

3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Jonathan Downes

Managing Director

Date: 22 September 2011



Chartered Accountants & Business Advisers

INDEPENDENT AUDIT REPORT TO MEMBERS OF IRONBARK ZINC LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Ironbark Zinc Limited (the Company) and the Consolidated Entity, which comprises the statement of financial position as at 30 June 2011, and statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration of the Consolidated Entity 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 compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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.

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | www.pkf.com.au

PKF Mack & Co | ABN 17 830 241 067

2nd Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia

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

PKF Mack & Co is a member of the PKF International Limited network of legally independent member firms. PKF Mack & Co is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF Mack & Co does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

PKF MACK & Co

Chartered Accountants & Business Advisers

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

AUDITOR'S OPINION

In our opinion:

- a. the financial report of Ironbark Zinc Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2011 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; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in the Directors' Report under the heading "Remuneration Report – Audited" for the year ended 30 June 2011.

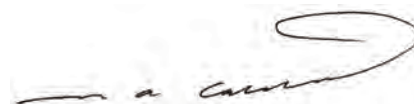
The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

AUDITOR'S OPINION

In our opinion the remuneration report of Ironbark Zinc Limited and the Consolidated Entity for the year ended 30 June 2011 complies with section 300A of the Corporations Act 2001



PKF MACK & CO



N A CALDER
PARTNER

Date 22 September 2011, WEST PERTH, WA

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | www.pkf.com.au

PKF Mack & Co | ABN 17 830 241 067

2nd Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia

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

PKF Mack & Co is a member of the PKF International Limited network of legally independent member firms. PKF Mack & Co is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF Mack & Co does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

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

Ordinary share capital

368,392,667 fully paid shares are held by 1,183 individual shareholders.

There were no shareholdings held in less than marketable parcels.

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

Options

13,250,000 options are held by 14 individual option holders.

Options do not carrying a right to vote.

Distribution of holders of equity securities		Number	
Category (size of holding)	Fully Paid ordinary shares	Options	
1 – 1,000	107	-	
1,001 – 5,000	217	-	
5,001 – 10,000	167	-	
10,001 – 100,000	495	4	
100,001 – and over	197	10	
	<u>1,183</u>	<u>14</u>	

Substantial shareholders	Number of Ordinary Fully Paid Shares Held	Options
NYRSTAR INTNL BV	97,690,702	26.52%
L1 CAPITAL PTY LTD	56,898,804	15.45%
SINGPAC INV HLDG PTE LTD	42,110,593	11.43%
HSBC CUSTODY NOM AUST LTD	18,088,069	4.91%

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (continued)

20 Largest Shareholders — Ordinary Shares

A record of the 20 largest shareholders as at 5 September 2011 is as follows:-

Ordinary shareholders	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. NYRSTAR INTNL BV	97,690,702	26.52%
2. SINGPAC INV HLDG PTE LTD	42,110,593	11.43%
3. HSBC CUSTODY NOM AUST LTD	18,088,069	4.91%
4. NATIONAL NOM LTD	17,672,343	4.80%
5. BEDFORD RES HLDGS LTD	15,552,794	4.22%
6. COGENT NOM PL	15,241,094	4.14%
7. UBS WEALTH MGNT AUST NOM	8,874,003	2.41%
8. CITICORP NOM PL	8,344,398	2.27%
9. J P MORGAN NOM AUST LTD	6,999,574	1.90%
10. HSBC CUSTODY NOM AUST LTD	5,853,553	1.59%
11. DOWNES JONATHAN CHARLES	5,360,000	1.45%
12. SUGAR EDDIE	5,200,000	1.41%
13. BYASS ADRIAN	5,012,500	1.36%
14. VALIANT EQUITY MGNT PL	4,505,000	1.22%
15. PYLARA PL	3,750,000	1.02%
16. KALE CAP CORP LTD	3,735,000	1.01%
17. LUJETA PL	3,000,000	0.81%
18. CANGU PL	2,908,109	0.79%
19. SINCERE LIBERTY FINANCE L	2,800,000	0.76%
20. DOWNES KATRINA	2,500,000	0.68%
	275,197,732	74.70%

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (continued)

Unquoted equity securities

Unquoted equity security holdings greater than 20%	Number of Options Held	% Held of Options in an unquoted class
Option exercised at \$0.85, expire at 22/11/2012		
1. G Campbell	500,000	100%
Option exercised at \$0.20, expire at 26/11/2012		
1. J McConnell	200,000	100%
Option exercised at \$0.45, expire at 16/11/2013		
1. J Downes	2,000,000	22.1%
2. G Campbell	2,000,000	22.1%
Option exercised at \$0.35, expire at 16/11/2013		
1. R Orr	500,000	100%

Schedule of Interests in Mining Tenements

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

Company secretary

Mr Robert Orr

Principal registered office

Level 1, 350 Hay Street,
SUBIACO WA 6008.
Telephone +61 (0) 8 6461 6350

Share registry

Security Transfer Registrars
770 Canning Highway,
APPLECROSS WA 6153
Telephone +61 (0) 8 9315 2333

CORPORATE GOVERNANCE

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

Principle 1 : Lay solid foundations for management and oversight

Comply

- 1.1 Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Yes

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

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

The key responsibilities of the board include:

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

Reporting to and advising shareholders.

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

Yes

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

CORPORATE GOVERNANCE (continued)

Principle 2 : Structure the board to add value

Comply

2.1 A majority of the board should be independent directors.

No

The Consolidated Entity has not complied with this recommendation. The following Directors are not considered to be independent:

- Jonathan Downes – Executive Managing Director
- Adrian Byass – Executive Technical Director
- Gregory Campbell – Executive Engineering Director
- David Kelly – Non Executive Director
- Greg McMillan – Non Executive Director

The independent directors are:

- Peter Bennetto – Non Executive Chairman
- John McConnell – Non Executive Director

The Board considers that the interests of the Group are best served by appointing directors with the relevant skills and expertise to enhance the Group's performance. The Board believes each director bring an independent, objective judgment to the deliberations of the Board.

2.2 The chair should be an independent director.

Yes

The Consolidated Entity complies with this recommendation. Mr. Peter Bennetto, an independent director, is the Chair.

2.3 The roles of chair and chief executive officer should not be exercised by the same individual.

Yes

The Consolidated Entity complies with this recommendation. Mr. Jonathan Downes is the Chief Executive Officer.

2.4 The board should establish a nomination committee.

No

The Consolidated Entity does not have a nomination committee. The board believes that due to the Group's relatively small size, a nomination committee is not necessary as the board can undertake all functions normally delegated to a nomination committee. The Corporate Governance Board Charter contains procedures for the appointment and resignation of Directors.

2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

Yes

The Corporate Governance Board Charter contains the details of the procedures for the performance reviews and evaluation.

Principle 3 : Promote ethical and responsible decision-making

3.1 Companies should establish a code of conduct and disclose the code or a summary of the code.

Yes

A formal Directors and Executive Officers' code of conduct forms part of the Corporate Governance Charter.

3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.

Yes

The Consolidated Entity has adopted a Securities Trading Policy. All Directors, key management personnel, employees and its related companies are prohibited by law from trading in the Group's securities or other securities if they are in possession of market sensitive information or during closed periods. Directors of the Company must advise the Company Secretary of their trading in the Group's securities within 5 days.

CORPORATE GOVERNANCE (continued)

Principle 4 : Safeguard integrity in financial reporting

Comply

4.1 The Board should establish an audit committee.

Yes

The Consolidated Entity has established an Audit Committee.

4.2 The audit committee should be structured so that it:

No

- Consists only of Non Executive Directors
- Consists of a majority of independent directors
- Is chaired by an independent chair, who is not chair of the board
- Has at least three members

The Consolidated Entity has not complied with this recommendation.

The following Directors are not considered to be independent:

- Jonathan Downes – Executive Managing Director
- David Kelly - Non Executive Director
- Greg McMillan – Non Executive Director

The independent directors are:

- Peter Bennetto – Non Executive Chairman

The Committee considers that the interests of the Group are best served by appointing directors with the relevant skills and expertise to enhance the Group's performance. The Committee believes each director bring an independent, objective judgment to the deliberations of the Committee.

4.3 The audit committee should have a formal charter.

Yes

*The Consolidated Entity has a formal charter for the audit Committee.***Principal 5 : Make timely and balanced disclosure**

5.1 Companies should promote timely and balanced disclosure of all material matters concerning the company.

Yes

The Board has adopted a Disclosure Policy, which sets out the key obligation of the Managing Director and Company Secretary to ensure that the Consolidated Entity complies with its disclosure obligations under the ASX Listing Rules and The Corporations Act 2001 (Cth).

Principal 6 : Respect the rights of shareholders

6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Yes

The Board has adopted a Communication Strategy. The directors of the Company recognise the importance of forthright communication. The Consolidated Entity posts all the report, ASX announcements, media release, business presentation and Group information on the Group's website.

CORPORATE GOVERNANCE (continued)

Principal 7 : Recognise and manage risk

Comply

- 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Yes

The Board has adopted a Risk Management and internal Control Policy. Procedures have been established at the board and executive management levels which are designed to safeguard the assets and interests of the Consolidated Entity, and to ensure the integrity of reporting.

- 7.2 The board should require management to design implement the risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

Yes

The Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level. Management is required to report on material business risks at each Board of Director's meeting.

- 7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Yes

The Chief Executive Officer and Chief Financial Officer have provided the written statements required by 7.3.

Principal 8 : Remunerate fairly and responsibly

- 8.1 The Board should establish a remuneration committee.

Yes

The Consolidated Entity has established a Remuneration Committee. The Remuneration Committee has a formal charter.

- 8.2 The remuneration committee should be structured so that it:

No

- Consists of a majority of independent directors
- Is chaired by an independent chair
- Has at least three members

The Consolidated Entity has not complied with this recommendation. The following Directors are not considered to be independent:

- Jonathan Downes – Executive Managing Director
- David Kelly - Non Executive Director
- Greg McMillan – Non Executive Director

The independent directors are:

- Peter Bennetto – Non Executive Chairman

The Committee considers that the interests of the Group are best served by appointing directors with the relevant skills and expertise to enhance the Group's performance. The Committee believes each director bring an independent, objective judgment to the deliberations of the Committee.

- 8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Yes

The Remuneration Report, contained in the Directors' Report sets out the remuneration of non-executive directors, the executive director and senior executives.



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

LEVEL 1, 350 HAY STREET
SUBIACO WESTERN AUSTRALIA 6008
T: +61 8 6461 6350
F: +61 8 6210 1872