

# ANNUAL REPORT

For The Financial Year Ended 30 June 2007



**Ironbark**

Ironbark Gold Limited  
and controlled entities

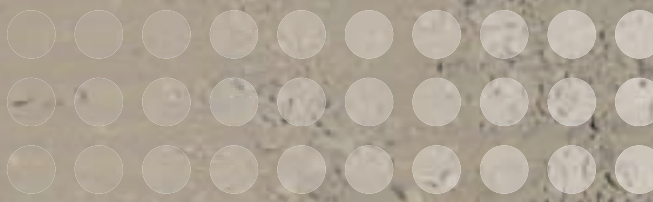
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# CORPORATE DIRECTORY

## **Non-executive Chairman**

Peter D. Bennetto

## **Executive Managing Director**

Jonathan C. Downes

## **Executive Technical Director**

Adrian P. Byass

## **Executive Engineering Director**

Gregory C. Campbell

## **Non-executive Director**

Vincent Hyde

David Kelly

## **Company Secretary**

David Round

## **Principal and Registered Office**

Level 1, 350 Hay Street

SUBIACO WA 6008

Telephone: (08) 6461 6350

Facsimile: (08) 6210 1872

## **Auditors**

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

## **Stock Exchange Listings**

Australian Stock Exchange

(Home Exchange: Perth, Western Australia)

Code: IBG

## **Bankers**


Westpac Banking Corporation

1257-1261 Hay Street

WEST PERTH WA 6005

## **Website**

[www.ironbark.gl](http://www.ironbark.gl)



Extending the air strip at Citronen



# CHAIRMAN'S LETTER

Dear Shareholders

Ironbark has had a most exciting year - one that heralds great promise for your company; one that presents wonderful challenges for your executives.

The company listed in August 2006 with three base metal and gold projects in New South Wales and a strategy to explore, develop and when appropriate, acquire further assets that would add value and drive share price appreciation. The number of projects under management has now grown to total 15 in Australia and Greenland. Ironbark is focussed on base metals, specifically zinc exploration and development.

Ironbark has decided to pursue base metals due to the strong growth in their consumption and prices, supporting excellent margins for existing operations and new projects such as those owned by the company.

The major development for your company was the purchase in March this year of the Citronen Zinc Project (Citronen) in Greenland. Citronen has the scope to become a world class base metal mine in size and grade. This major acquisition required a substantial capital raising for the purchase and development of the project. The company attracted significant interest in the project, and is delighted to welcome Glencore International AG and Merrill Lynch as investors of choice in the oversubscribed offer.

Citronen was extensively explored and drilled by Platinova AS in the 1990s, when zinc prices were low. Much of the 32,000 metres of drill core has not previously been assayed, and we have consigned large amounts of material for assay, which has the potential to add significantly to the size of the current resource.

Part of the drill core will be used for metallurgical testwork and the results of both the new resource and its metallurgical properties will form the basis of a mining and process pre feasibility study that will determine the size and scale of the operation.

The initial exploration program at the Belara base metal project in New South Wales was highly successful in delineating a maiden JORC compliant resource. The project remains open to further mineralization which will be tested in the coming year. Ironbark acquired a significant amount of exploration ground in the region, and identified several prospects for investigation, including the Ben Buckley workings to the south and on strike with Belara.

Shortly after listing Ironbark entered a farm-in agreement with Monaro Mining NL to investigate the significant historic Captains Flat mine workings located 60 kilometres south east of Canberra in New South Wales.

Ironbark acquired additional projects prospective for tin and tungsten metals. These projects were divested, along with projects owned by Graynic Metals Ltd into a new company called Wolf Minerals Ltd, which has become one of the best performing floats of 2007. Wolf made a priority offer to Ironbark and Graynic shareholders, giving them further direct exposure to these assets. Due to overwhelming interest and limited shares being available, the offer closed early, to the disappointment of many shareholders. Ironbark retains 3,000,000 shares in Wolf and is confident that this will become a valuable and realizable asset.

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

**Peter Bennetto**  
Chairman





# DIRECTORS' REPORT

## 1. Directors

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

**Mr Peter D. Bennetto**  
Non Executive Chairman

**Mr Jonathan C. Downes**  
Executive Managing Director

**Mr Adrian P. Byass**  
Executive Technical Director

**Mr Gregory C. Campbell**  
Executive Engineering Director

**Mr Vincent Hyde**  
Non Executive Director (appointed 22 March 2007)

**Mr David Kelly**  
Non Executive Director (appointed 16 July 2007)

## Company Secretary

**Mr Stephen Brockhurst** was company secretary for the 2007 year. Mr Brockhurst was replaced by Mr David Round as company secretary on 2 August 2007.

## 2. Principal Activities

The principal activities of the consolidated group during the year were the exploration and evaluation of the group's gold and zinc ground holdings.

## 3. Operating Results

The consolidated loss of the consolidated group after providing for income tax is \$2,459,946.

## 4. 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.

## 5. Review Of Operations

### Corporate Profile

Ironbark Gold Limited (Ironbark) is a focused and dedicated base metal and gold exploration and development Company listed on the Australian Stock Exchange. The Company has a technically strong Board with significant relevant experience and owns a suite of base and precious metal projects in Australia and Greenland hosting in excess of 3 billion pounds of contained zinc.

The flagship project is the wholly owned Citronen zinc project in Greenland. Citronen currently hosts 16.8Mt at 7.8 percent zinc and 0.9 percent lead and the ore body remains open to further mineralisation in every direction. A major sampling program of untested intervals of drill core is currently underway and is likely to result in a larger resource than has been previously reported. A pre feasibility study will be undertaken after the sampling program has been completed.

Ironbark considers that Citronen offers;

- Large scale
- Long life
- Low cost
- Low risk
- Exceptional exploration potential

Ironbark has secured more than 1,700sq km of exploration ground surrounding Citronen, offering unfettered access to further exploration success.

Ironbark owns several other prospective base metal and gold projects, which it plans to progressively pursue.

Further information is provided on the Ironbark website: [www.ironbark.gl](http://www.ironbark.gl)



Ironbark chartered Hercules C130 operated by First Air of Canada loaded with equipment for Citronen

## Highlights

### Corporate Activities

- Listed on the ASX raising \$3M
- Entered into a farm in agreement to earn up to 75% of the Captains Flat base metal project
- Wolf Minerals Limited IPO
- Acquired Citronen Zinc Project
- Raised \$25.75M – relationship formed with Glencore International AG
- Share split 5:1 basis to increase liquidity and appeal to retail investors
- Director Appointments
- Executive Appointments
- Employee options issued or marked for issue



### Projects

- New Projects Greenland:
  - Washington Land (base metals)
  - Mesters Vig (base metals)
  - Navarana Fjord (base metals)
- New Projects Australia:
  - Burrandana (tungsten-tin)
  - Kiawarra (tin)
  - Bogong (copper)
  - Belara Extended (base metals)
  - Major South (gold)
  - Captains Flat North (base metals)
  - Elsenora (base metals)
  - Boomerang (gold)
  - Fiery Creek (gold and base metals)
- Development:
  - Citronen (base metals)
  - Belara (base metals)
  - Captains Flat (base metals)
  - Stuart Town (gold)
  - Pambula (gold)

Geologist at Belara

## Corporate Activities

### Company IPO

The Ironbark prospectus was lodged with the Australian Securities Exchange to raise \$3,000,000 on 10 July 2006 and due to strong public interest the Directors were able to close the offer early and oversubscribed.

Trading commenced on 16 August 2006 and debuted strongly in recognition of its quality projects, proven management and exceptional capital structure.

The Directors remain appreciative of the strong support and faith shown by shareholders and look forward to delivering more positive results in the coming years.

### Captains Flat Base Metal Project Acquisition

Ironbark reached an agreement with Monaro Mining Limited to earn an interest in the Captains Flat base metal (zinc-lead-copper) project.

Captains Flat represents a well endowed belt of Volcanic Massive Sulphide (VMS) base metal mineralisation with numerous base metal occurrences and covers the historic Lake George Mine that has produced 4,000,000 tonnes of high grade zinc-lead-copper-silver-gold. The mineralisation remains open at depth and numerous historic drill results along strike require follow up. More details regarding Captains Flat are provided under the Developments section of this report.

### Wolf Minerals Limited IPO

Ironbark entered into a co-operative divestment agreement (with Graynic Metals Limited) to divest itself of its wholly owned Burrandana and Kiawarra tungsten and tin projects to Wolf Minerals Limited (Wolf) for a consideration of 3,000,000 Wolf shares. The divestment will see these projects receive the attention they deserve, allowing Ironbark to continue its focus on its base metal and gold projects. Ironbark and Graynic secured a commitment from Wolf to offer Ironbark and Graynic shareholders a priority entitlement to subscribe for Wolf shares.

The directors of both Ironbark and Graynic only participated in acquiring a direct interest in Wolf through their shareholding entitlements in Ironbark and Graynic respectively. No promoter or seed capital securities have been offered to the directors of either company. The directors did however unanimously subscribe for shares in Wolf through the public offer prospectus.

Wolf listed on the Australian Stock Exchange on 15 February 2007 following a strongly sought Initial Public Offer raising \$3,000,000 at \$0.20 per share.

### Citronen Zinc Project Acquisition

On 2 March 2007 Ironbark announced that it had entered into an agreement to acquire 100% of the Citronen Fjord zinc project (Citronen) in Greenland.

Citronen represents one of the worlds largest undeveloped zinc resources (Figure 1). Citronen is located in northern Greenland, a self governed territory of the Kingdom of Denmark. This major acquisition significantly increases the scope of Ironbark moving towards becoming a substantial zinc producer.

Previous estimates of mineralisation associated with the Project were generated prior to the introduction of the JORC Code guidelines for the reporting of identified mineral resources and ore reserves. On this basis, previous estimates can not be reported as "resources" or "reserves" under the JORC Code guidelines. Whilst the Company considers these previous estimates are material and provide a reasonable reflection of the quantum and grade mineralisation, there can be no guarantee that re-classification will occur in accordance with the Company's objectives in the short term or at all.

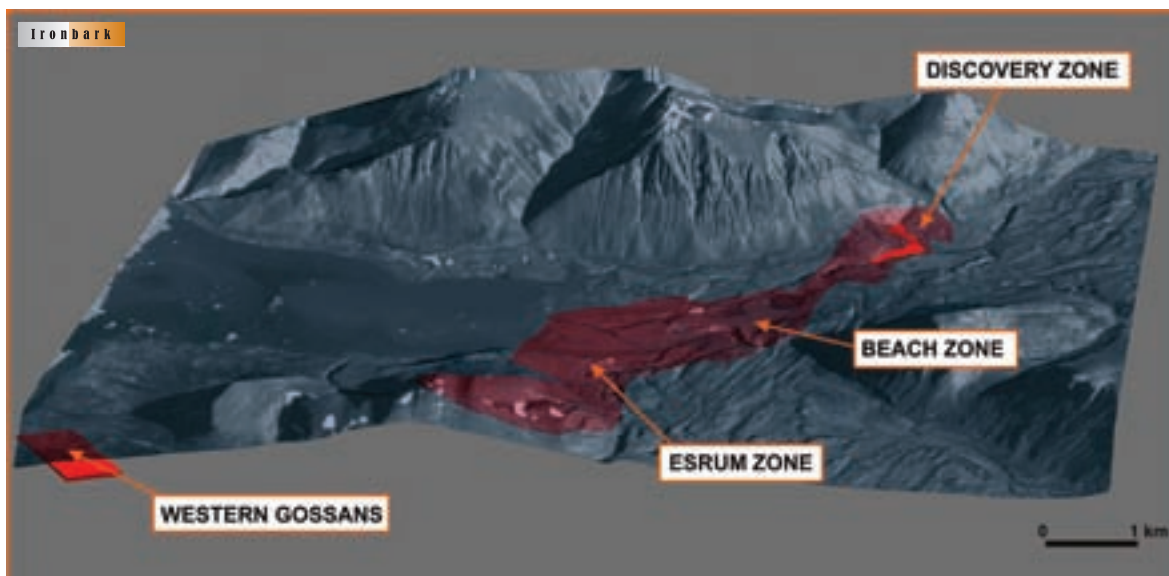
The most recent resource estimate of the Project starts at approximately 16.8Mt tonnes at 7.8% zinc and 0.9% lead (approximately 8.3% zinc equivalent). This is based on 32,826 metres of diamond drilling conducted between 1993 and 1996 returning intercepts such as 28.8 metres @ 9.7% zinc (including a higher grade zone of 8.5m @ 19.0% zinc). The most recent resource estimate was taken from the Platinova AS 1999 Annual report as lodged with the Toronto Stock Exchange and was in compliance with the Canadian Institute for Mining, Metallurgy and Petroleum standard for reporting mineral resources.

Ironbark considers that Citronen offers exceptional **large scale, low risk, long life and high margin production potential as well as an outstanding exploration opportunity** with the extent of mineralisation yet to be determined.



The mineralisation is considered to be of a SEDEX style zinc deposit and this model is potentially very large. The mineralisation starts from the surface and is shallow, flat lying and adjacent to a deep water fjord that may provide near mine ship docking and loading opportunities.

Ironbark purchased 100% of Citronen for \$6,000,000 cash and 8,000,000 shares in Ironbark, plus 16,000,000 options in Ironbark with an exercise price of \$1.50 and maturity date of 1 February 2010 (before the share split). Separately, a 2.5% net smelter royalty (NSR) is payable.



**Figure 1:** Air photo draped over topography at Citronen showing the scale and orientation of the identified mineralisation. The identified mineralisation is largely constrained by drilling coverage.

### **\$25.75M Capital Raising and Partnership with Glencore International AG**

Ironbark received shareholder approval to issue institutional, sophisticated and industry investors with 10,300,000 shares to raise \$25,750,000 at a price of \$2.50 per share (before the share split). These funds should provide adequate working capital to aggressively progress Citronen towards a feasibility study for a period of two years.

Ironbark has also entered into a Heads of Agreement with Glencore International AG encompassing potential future funding, entering in an agency agreement to assist in marketing and the appointment of a non-executive Director to the Board of Ironbark.

Merrill Lynch Equities (Australia) and Glencore International AG, through a subsidiary, have become significant shareholders in Ironbark.

### **Five for One Share Split**

Ironbark completed the subdivision of its issued capital on the basis that every 1 fully paid ordinary share was subdivided into 5 fully paid ordinary shares and the options on issue were adjusted in accordance with the Listing Rules.

The share split is intended to increase the liquidity and affordability to retail investors of the Company's shares.

Approval was given for the share split at a General Meeting held on 21 May 2007. The number of shares on issue increased from 40,800,000 to 204,000,000. Shares and the number of Options increased from 18,600,000 to 93,000,000 Options.

Immediately after the Share Split, each shareholder held the same proportion of the Company's issued share capital and net assets as before the Share Split. The rights attaching to the Shares and Options were not affected.



## New Projects: Greenland

(Figure 2)

### Washington Land – Cass Prospect (EL 2007/33)

The Cass Prospect was identified in 1999, in a joint venture targeting Mississippi Valley Type (MVT) base metal mineralisation between Platinova AS and Rio Tinto Mining and Exploration Inc (Rio Tinto) a subsidiary of London based Rio Tinto PLC. The Cass prospect is situated in the Franklinian Basin geological unit, which is considered to be contemporaneous with the rock sequence that hosts the significant Polaris and Nanisivik historic mines located in Canada.

Mineralisation at the Cass Prospect occurs within a structure with an observed strike length of approximately four kilometres. The structure outcrops poorly due to overlying glacial till including boulders and gravel. A continuous rock chip composite sample spanning 25 metres returned an average grading 8.9% zinc, 11.1% lead and 95 g/t silver. A second continuous rock chip composite sample spanning 25 metres located 550 metres to the east returned an average grade of 3.7% zinc, 7% lead and 40 g/t silver.

*continued on page 8*



Figure 2 – Map of Northern Greenland and Ironbark project locations



Heated and insulated "Weather Haven" accommodation being constructed at Citronen



Inaugural dinner in new mess at Citronen

*continued from page 7*

The precise details of sampling and assaying methodology are unknown however this information was released to the Toronto Stock Exchange in 1999. A single diamond drill hole yielded 1.2 metres at 8.4% zinc, 0.04% lead and 94 g/t silver. Rio Tinto withdrew from the joint venture following the drilling in 1999 at a period of very low zinc and lead prices. The hole is regarded as not necessarily intercepting the main target and will be followed up as a matter of priority.

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#### **Mesters Vig – Blyklippen Zinc Mine (EL 2007/32)**

The Blyklippen Zinc Mine was mined from 1956 to 1962 and yielded production of 544,600 tonnes for a recovered grade of 9.9% zinc and 9.3% lead. Previous explorers identified additional mineralised structures near the main mine and the project area is considered prospective and amenable to geophysical exploration techniques. An excellent summary of the project has been prepared by GEUS (Geological Survey of Denmark and Greenland) and can be downloaded from the following url: [www.geus.dk/minex/go05.pdf](http://www.geus.dk/minex/go05.pdf)

#### **Navarana Fjord (EL 2007/46)**

In the Navarana Fjord anticline, a vertical, seven metre thick and 300 metre long, brecciated calcite vein crosscuts the limestone of the Portfield Formation. Centrally in the calcite vein, a one metre wide breccia zone of epigenetic sphalerite occurs associated with barite, which constitutes 60-70% of the matrix. In addition another zinc-barite occurrence has been identified in the area which is described as a strata-bound occurrence within a carbonaceous shale and chert sequence. The model is described as being of MVT base metal mineralisation.



## New Projects – Australia

(Figure 3)

### Burrandana

Ironbark acquired the Burrandana tungsten and tin project. The project area was explored and drilled by The Shell Company of Australia Limited in the late 1970's and early 1980's targeting tin and tungsten (Sn-W) mineralisation. Ironbark was targeting bulk tonnage sheeted-vein tin-tungsten mineralisation.

Significant drill intercepts from the limited drilling conducted at the Tin Hill prospect to date include:-

- 1.5m @ 1.9% WO<sub>3</sub> from 26m (PBT14),
- 4.0m @ 1.2% WO<sub>3</sub> from 36m (PBT04),
- 6.0m @ 0.18% copper and 0.6% WO<sub>3</sub> from 18m including 2m @ 0.26% copper and 1.6% WO<sub>3</sub> (PBT05).

### Kiawarra

Ironbark acquired the Kiawarra tin prospect located 35 kilometres northeast of Yass in New South Wales.

The project area was explored and drilled by Shell Australia Pty Ltd in the late 1970's and early 1980's targeting tin mineralisation. The key prospect area is known as the Tin Mines Grid and is situated around numerous historic tin workings. The area has been mapped, soil sampled, trenched, Rotary Air Blast (RAB), Reverse Circulation (RC) and Diamond (DDH) Drilled.

Commencing in 1980 The Shell Company of Australia Limited represented the first phase of serious modern exploration. Following the mapping, rock chip sampling, costeaning (returning up to 5m @ 1% tin) and several phases of drilling confirmed the stockwork nature of the mineralisation. The target for the exploration is a bulk tonnage - low grade tin resource.

The Burrandana and Kiawarra projects were divested to Wolf Minerals Limited (Wolf) in exchange for 3,000,000 shares in Wolf. Wolf has since listed strongly on the Australian Stock Exchange.

### Bogong (EL 2841)

Ironbark acquired the Bogong copper project located 20 kilometres south east of Tumut. Most recent drilling was in 1974 returning a best intercept of 200 feet (~61m) @ 1% copper, which significantly started and ended in mineralisation (Figure 4).

A high-grade mineralised shear zone was previously the focus for copper mining. Ironbark plans to test the potential for large, disseminated copper mineralisation as mapped in the surrounding altered felsic volcanic rocks.



Figure 3 – Map of New South Wales and Ironbark project locations



Gold stamp mill at Boomerang

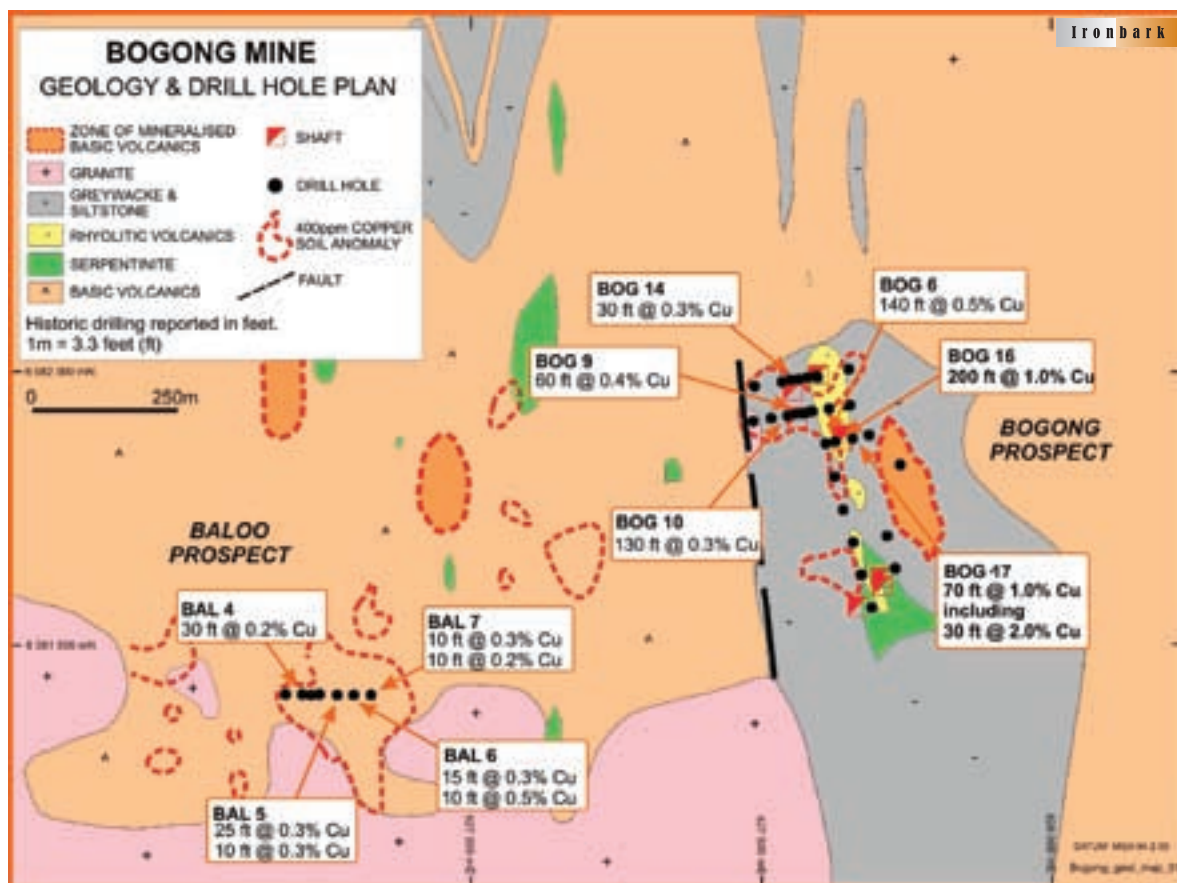


Figure 4: Plan view of historic copper workings, drill collars and anomalous soil geochemistry

The historic mine was operated during the 1900's and produced 30 tonnes of ore at a head grade of 25% copper. The mine was worked again in 1918 producing a further 50 tonnes of ore at a head grade of 10% copper.

While the historic mining was focussed on a mineralised shear, small pits and workings are noted within the surrounding altered rhyolite host rock. This was characterised by disseminated copper mineralisation (bornite and chalcopyrite) peripheral to the mineralised shear and with no identified structural control. Ironbark intends to investigate the project area for large tonnage low grade disseminated copper mineralisation.

The most recent explorer to drill the prospect was A.O.G. Minerals Pty Ltd (AOG) and in 1974 returned a best drill intercept in hole BOG16 of **200 feet (~61m) @ 1% copper** from 0 to 200 feet ending in mineralisation and hole BOG17 returned 70 feet (~21m) @ 1% copper including **30 feet @ 2% copper**.

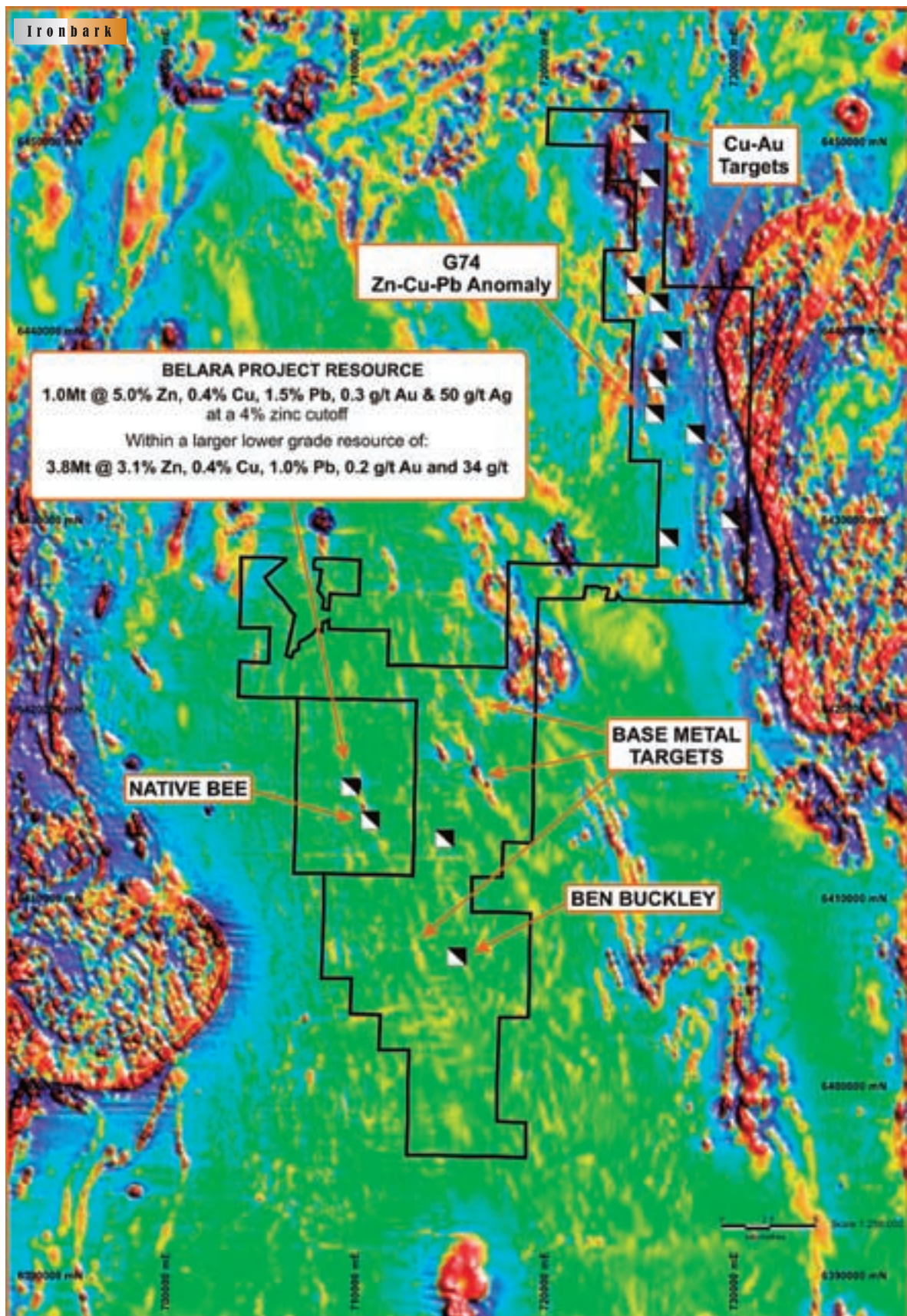
The project area is generally obscured by overburden and several regions of mapped outcropping and mineralised rhyolite identified by AOG have not been drill tested and represent immediate drill targets.

#### Belara Extended (EL 6749)

Ironbark believes that its wholly owned Belara base metal project (zinc-lead-copper-silver-gold) represents a significant accumulation of potentially exploitable base metal mineralisation over a strike length of approximately 2,100 metres.

A large exploration licence was applied over regions of interpreted strike extensions of the Belara geology and cover a series of historic copper workings located to the south as well as large zinc anomalies to the north east of Belara (Figure 5).





**Figure 5:** Belara and Belara Extended Licences showing prospects over Total Magnetic Intensity (TMI) image



### Majors South (EL 6793)

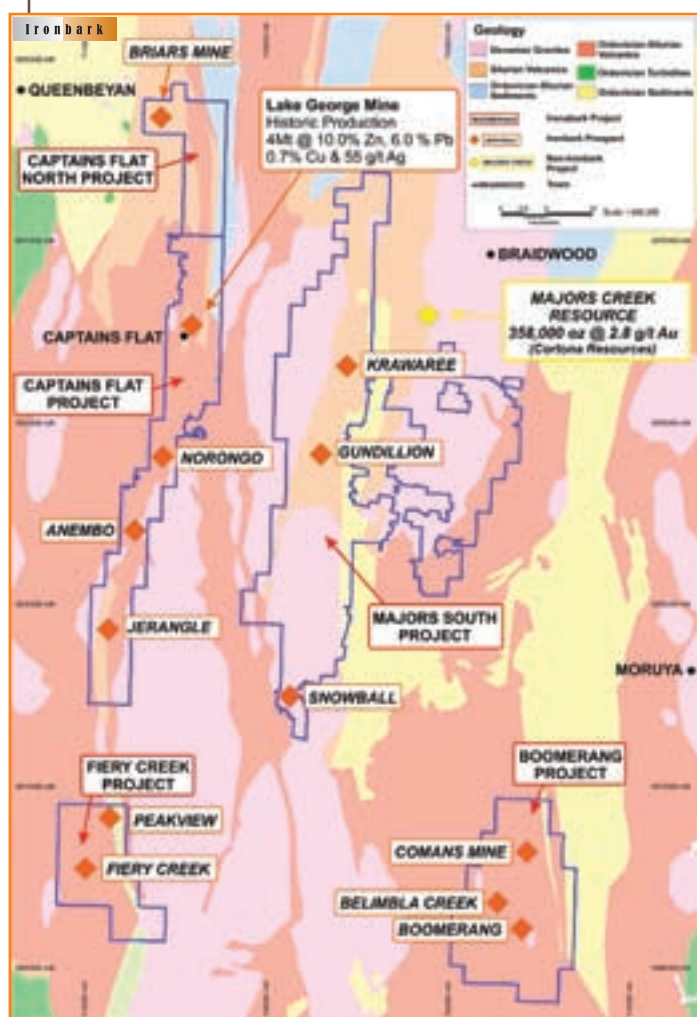
This licence covers the southern extensions of the Braidwood Granodiorite unit – the host for the mineralisation at Majors Creek located off the licence to the north as currently being explored by Cortona Resources Limited. The Krawaree prospect has returned drill intercepts such as 5 metres @ 1.7% zinc, 0.7% lead, 24 g/t silver and 0.35 g/t gold. The licence covers 15 recorded gold workings including the majority of the Majors Creek/Araluen Fault over which a significant amount of alluvial gold (+1Moz) has been produced (**Figure 6**).

### Captains Flat North (EL 6840)

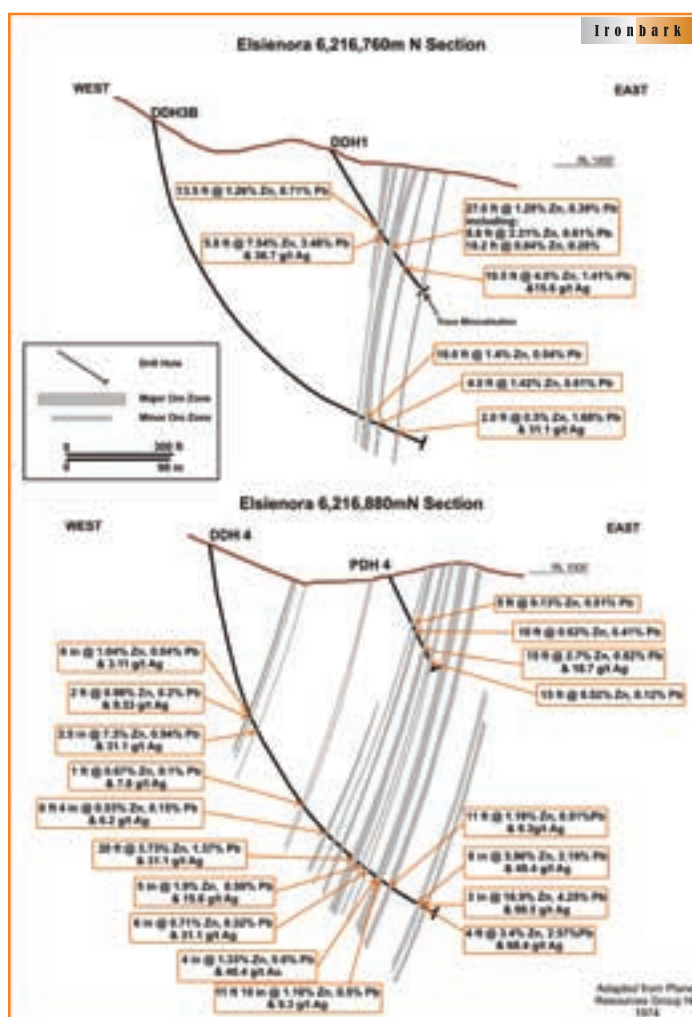
This licence covers the northern extension of the Kohinoor volcanic belt, the host rock to the Lake George Mine. The licence is considered to be prospective for further base metal mineralisation beneath regions of extensive soil covers (**Figure 5**).

### Elsienora (EL 6767)

This licence covers a series of historic base metal occurrences known as Elsenora around the Peelwood base metal mining centre. Historic drilling identified a multi lode system over a strike length of at least 500 metres and returned results such as 2.6 metres @ 8.54% zinc, 3.16% lead, 74 g/t silver and 0.33 g/t gold (**Figure 7**).



**Figure 6:** Plan view of South New South Wales projects



**Figure 7:** Cross sections of selected historic drill holes at Elsenora

In 1953, rock samples were taken from the shafts and assays reported an average grade of 20% lead, 12oz/t silver, 14g/t gold, and 1% zinc. In 1954 the estimated grade of the lenses was 6-8% lead, 10-15% zinc, 0.5-1% copper, 3-4.5g/t gold and 2-3oz/t silver for a non JORC and unreportable modest resource estimate.

### Boomerang (ELA 2958)

The Boomerang project is located 14 kilometres west of Bodalla and covers numerous historic gold workings (Figure 8).

The project returned a best drill intercept of 8 metres @ 3.1 g/t gold from a 9 hole program in 1987. The gold distribution has proven to have a high nugget effect with one drill hole assay reporting a Fire Assay grade of 1.1 g/t gold but a Fire Screen Assay returned 16.1 g/t gold for the same interval.



Figure 8: Plan of historic mine shafts and drill intercepts at Boomerang

### Fiery Creek (ELA 2981)

The Fiery Creek project encompasses the Fiery Creek gold prospect on the Western portion of the lease with historic drill intercepts such as 15 metres at 3.1 g/t gold. The Eastern portion of the lease encompasses the Peak View base metal prospect with drilling conducted by Western Mining Corporation Limited in 1981 returning results such as 2.1 metres @ 11.6% zinc, 5.6% lead, 1.9% copper, 103 g/t silver and 2.3 metres @ 4.3% zinc, 1.7% lead, 3.6% copper, 56 g/t silver. The base metal mineralisation remains open to the north and is located on strike with the Ironbark managed Jerangle and Captains Flat prospects (Figure 9).

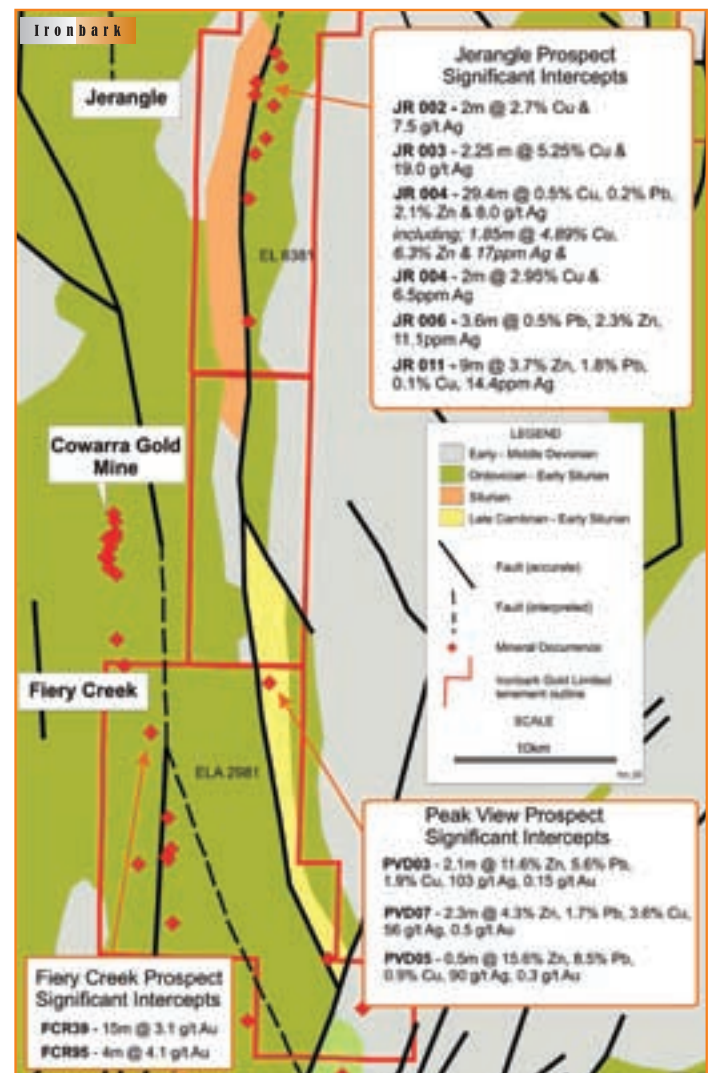


Figure 9: Plan of historic mine shafts and drill intercepts at Fiery Creek, Jerangle and Peak View







## Development

### Citronen

Ironbark engaged the Danish based POLOG group to manage all logistical aspects of the Citronen exploration during 2007 including the procurement and transport to site of the required personnel and equipment including a new 40 man camp, fuel, food and general supplies. POLOG has extensive experience managing large scale mineral exploration projects in Greenland.

The Canadian based, global engineering and geological consulting firm Wardrop Engineering Inc (Wardrop) has been engaged to provide start up geological input. Greg Mosher, who will head Wardrops involvement, is a highly experienced geologist who was involved in the exploration, discovery, interpretation and documentation of Citronen from 1993 to 1995. His input and knowledge has assisted Ironbark's exploration ramp up. Wardrop and Ironbark will jointly work towards the evaluation and preparation of a modern and quotable resource estimate.

Ironbark has now completed the new camp construction including generators, messing, heaters and various other equipment to support a busy drilling campaign planned to commence in April 2008.

As part of the licence transfer process Ironbark has assumed the responsibility for all the equipment at the Project site. Ironbark owns two drilling rigs (one at Citronen and one at Washington Land), a bulldozer, tractor, forklift and several all terrain vehicles (ATV) as well as a very large inventory of spare parts (including a new drill rig engine, hundreds of metres of new drilling rods, diamond bits etc). Ironbark has been extensively utilising the equipment on site for numerous purposes including the loading of equipment on and off aircraft, extending runways and general construction duties.

The team on site completed an extensive program of cutting and sampling of unassayed diamond drill core. The previous explorer of the project (Platinova AS) drilled 148 holes for 32,930m of drilling from 1993 to 1997. However, due to the low prevailing base metal prices at the time, they selectively assayed the high grade mineralisation and areas within the known mineralised horizons. Ironbark recognised that there were broad zones of lower zinc tenor mineralization that were not assayed. Ironbark geologists examined all of the historic drill core, box by box, and selected intervals for cutting and sampling. To aid in this Ironbark purchased a hand held XRF machine to determine mineral grade on site. This program identified substantial amounts of previously unassayed mineralisation. Ironbark is currently awaiting the results from 2,733 one metre sections of drill core currently being assayed in Vancouver, Canada. The new results will be incorporated into a new resource estimate that has the potential to be significantly impacted by the new assay results.

Some drill core has also been allocated for metallurgical testwork and the results of both the new resource and metallurgical properties will form the basis of a mining and process pre feasibility study that will determine the size and scale of the operation.



Unloading the generator at Citronen





Cutting diamond drill core for assay on site at Citronen



Drilling Rig at Belara





Fully constructed 40 man camp on site at Citronen

### Belara

The Belara Project is located east of Wellington and approximately 90 kilometres north of Orange in New South Wales. Previous explorers have identified significant sediment-hosted zinc, lead, copper, silver and gold mineralisation from drilling undertaken between 1968 and 1993. The mineralisation has been identified over a strike of 2,200 metres (**Figure 10**).

In October 2006 Ironbark completed a drilling program comprising 9 holes for 1,104 metres of reverse circulation (RC) drilling and 707.4 metres of diamond drilling (**Figure 11**).

The drilling has successfully confirmed the continuity of previously identified mineralisation and the tenor of the mineralisation between earlier drill holes. Drilling results are shown in **Table 1** (next page).

On completion of the drilling Ironbark engaged independent mineral industry resource consultants, Ravensgate to prepare the first JORC compliant inferred a resource estimate on the Belara project of **1.0 tonnes @ 5.0% zinc, 0.4% copper, 1.5% lead, 0.3 g/t gold and 50 g/t silver** at a 4% zinc cutoff.

Within a larger lower grade resource of **3.8 million tonnes @ 3.1% zinc, 0.4% copper, 1.0% lead, 0.2 g/t gold and 34 g/t silver** at a 1% zinc cutoff.

**Table 1** – Belara drilling results

Hole ID	Depth From (m)	Depth to (m)	Interval Width (m)	Zinc	Lead	Copper	Silver	Gold
B024	81	82	1	3.48	1.36	0.18	41	0.02
B024	82	83	1	6.36	1.73	0.557	60	0.16
B024	83	84	1	0.62	0.216	0.414	11	0.01
B024	84	85	1	4.19	1.2	1.69	50	0.04
4.0m @ 3.7% Zn, 1.13% Pb, 0.71% Cu, 41 g/t Ag, 0.06 g/t Au from 81.0m								
B026	132	132.5	0.5	12.7	4.85	0.01	148	0.05
B026	132.5	133	0.5	6.91	0.886	0.02	22.5	0.03
B026	133	133.5	0.5	1.26	0.303	0.23	12.9	0.01
1.5m @ 7.0% Zn, 2.0% Pb, 0.1% Cu, 61 g/t Ag, 0.03 g/t Au from 132m								
B027	186.5	187	0.5	7.5	2.88	0.065	132	0.04
B027	187	187.5	0.5	2.09	0.32	0.084	16.5	-1
B027	187.5	188	0.5	0.48	0.092	0.042	12.7	-1
B027	188	189	1	0.17	0.056	0.086	14.8	-1
1.0 m @ 4.8% Zn, 1.6% Pb, 0.1% Cu, 15 g/t Ag, 0.02 g/t Au from 186.5m								
B028	164.5	165	0.5	1.39	0.319	0.021	6.4	0.03
B028	165	165.5	0.5	12.9	5.22	0.079	100	0.06
B028	165.5	166	0.5	5.28	1.6	1.27	228	0.97
B028	166	166.5	0.5	1.57	0.224	1.87	109	1.5
B028	166.5	167	0.5	0.22	0.108	1.71	44	1.77
B028	167	167.5	0.5	0.3	0.061	1.22	24.3	0.84
B028	167.5	168	0.5	0.15	0.079	0.578	14.7	0.77
B028	168	168.5	0.5	0.11	0.053	0.813	17.9	0.55
2.0 m @ 5.0% Zn, 1.8% Pb, 1.2% Cu, 120 g/t Ag, 1.1 g/t Au from 165m								
B029	253.5	254.5	1	1.45	0.414	0.097	22.3	0.01
B029	254.5	255	0.5	2.97	0.864	0.047	26.9	0.03
B029	255	255.5	0.5	1.6	0.983	0.064	39.2	0.02
B029	255.5	256	0.5	14.5	5.36	0.034	153	0.08
1.5m @ 6.4% Zn, 2.4% Pb, 0.1% Cu, 84 g/t Ag, 0.08 g/t Au from 254.5m								
B030	299	299.5	0.5	13	4.47	0.264	96.1	0.57
B030	299.5	300	0.5	1.37	1.29	0.657	67.4	1.72
B030	300	300.5	0.5	3.05	8.76	2.25	307	2.14
B030	300.5	301	0.5	0.72	0.265	1.76	56.1	0.75
B030	301.5	302	0.5	0.75	0.442	0.202	33.3	0.3
B030	302	303	1	1.87	0.408	0.065	13.5	0.06
B030	303	304	1	0.59	0.325	0.123	13.1	0.08
B030	304	304.5	0.5	5.95	0.364	0.262	18.1	0.15
B030	305	305.5	0.5	3.98	0.696	0.019	16.3	0.03
B030	305.5	306	0.5	6.32	0.373	0.151	14	0.12
B030	306	307	1	3.83	0.968	0.037	21.2	0.07
8.0m @ 4.2% Zn, 1.8% Pb, 0.5% Cu, 62 g/t Ag, 0.5 g/t Au from 299m including 2.0m @ 6.6% Zn, 5.3% Pb, 1.2% Cu, 178 g/t Ag, 1.3 g/t Au from 299m; and 3.0m @ 5.7% Zn, 0.9% Pb, 0.1% Cu, 22 g/t Ag, 0.1 g/t Au from 304m								



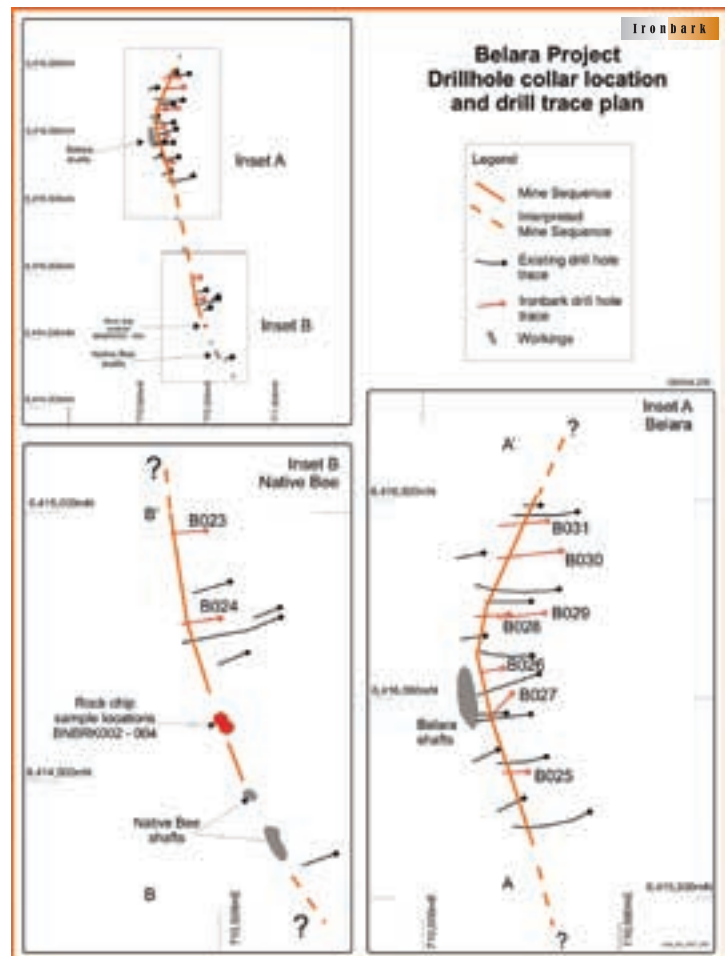
Ironbark considers the resource to be significant and is encouraged that the two deepest holes have returned the highest grade and widths indicating that the ore body is open ended at its thickest point.

The Belara ore body begins at surface and has been estimated to a depth of 350 metres. The emphasis of the ongoing appraisal will be on zinc which accounts for approximately 60% of the inground metal values. Many of the historic drill holes were not assayed for gold and these intervals were treated as having no gold mineralisation. Further drilling is considered likely to increase the gold grade.

A program of rock chip sampling to the south has extended the strike of mineralisation between Native Bee workings and the accessible southern limit of Ironbark drilling (B23). Samples taken 140 metres to the south of B23 returned grades of up to 3.7% lead, 0.4 g/t gold, 28 g/t silver and 0.5% copper from outcropping mineralisation and shallow pits on the side of the hill slope.

The ore type at Belara is classified as Volcanogenic Massive Sulphide (VMS). This model typically occurs as lenses of polymetallic massive sulphide that forms at or near the sea floor in submarine volcanic environments. Many VMS deposits occur in Canada and have contributed to approximately 50% of all the zinc produced there. Because of their polymetallic content, VMS deposits continue to be one of the best deposit types for security against fluctuating prices of different metals.

Ironbark plans to expand the resource by conducting further drilling targeting extensions to mineralisation. Additional drilling is planned to bring the resource to a higher level of confidence and increase the overall grade of the ore body.



**Figure 10** - Plan view on the surface expression of Belara line of mineralisation and drilling



Chairman, Peter Bennetto at Belara during drilling (Nov 2006)

### Captains Flat (Ironbark earning 75%)

Captains Flat represents a well endowed belt of Volcanic Massive Sulphide (VMS) base metal mineralisation with numerous base metal occurrences and mines covering the Captains Flat project including the historic Lake George mine that has produced 4 million tonnes of high grade zinc-lead-copper-silver-gold. The mineralisation remains

open at depth and numerous historic drill results along strike require follow up.

A number of targets have been identified as being prospective for base metal and gold mineralisation which are associated with Volcanogenic Massive Sulphide (VMS) deposits. These include amongst others, the Lake George Mine Deeps, Vanderbilt Hill, Anembo and Jerangle prospects.

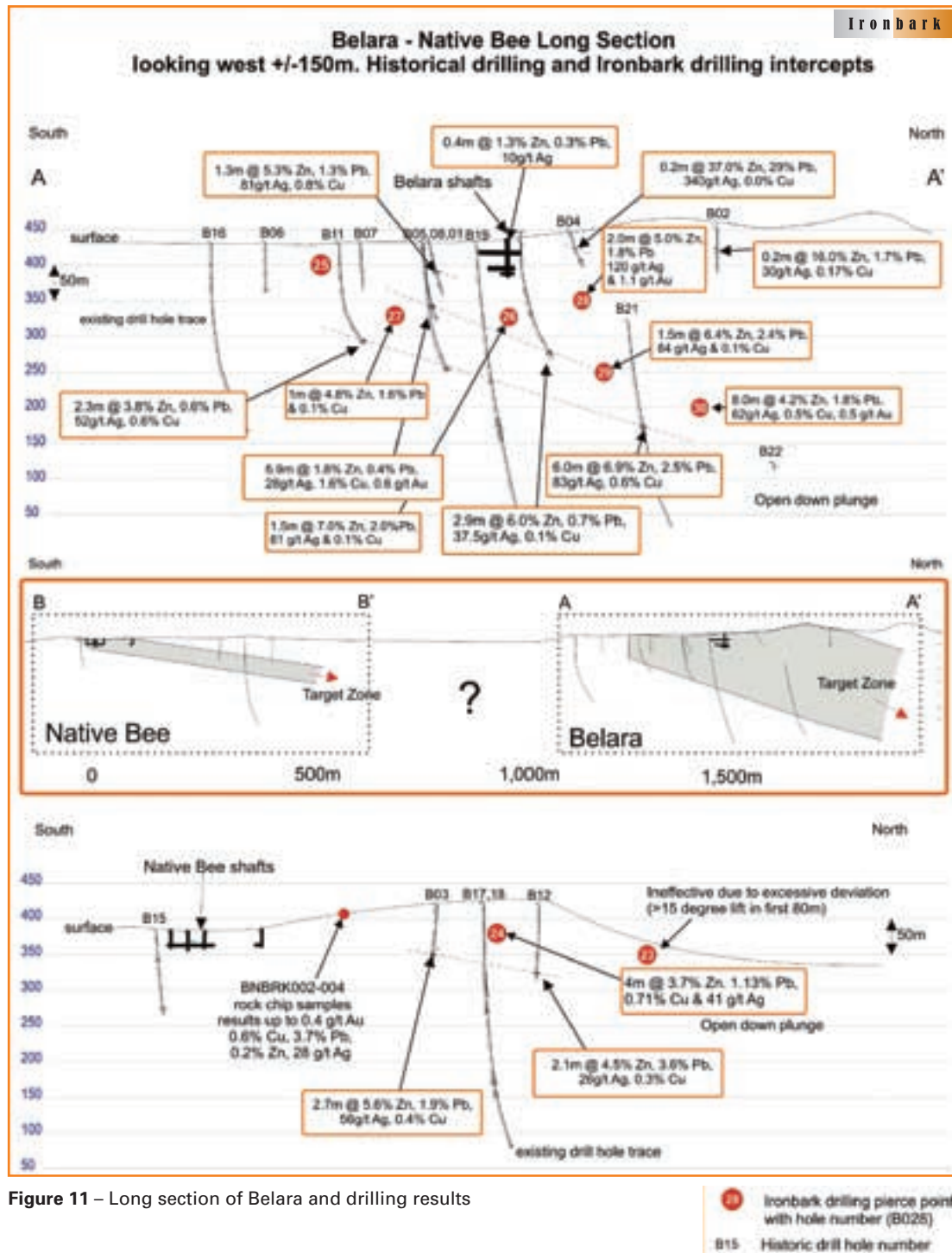


Figure 11 – Long section of Belara and drilling results

The initial exploration target to be tested was the Jerangle prospect on the southern end of the Captains Flat licence where Amoco (1981) intercepted significant zinc and copper intercepts over a strike of 1,500 metres and remains open to the north and south. Two blind (does not reach surface) zones were identified, a copper zone and a zinc zone commencing at depths of approximately 100 metres. There is no drilling between the two zones. In addition, historic soil sampling has identified a zone anomalous for zinc at a southern portion of the project that remains to be drill tested.

Drilling at the Jerangle base metals project in New South Wales, Australia returned anomalous base metals assays but was terminated after completing only 500 metres of drilling due to difficult ground conditions and high water flows. The next drilling program will target the deeper down-dip extensions to previously recorded base-metal intercepts and also the potential of the tailings dams to host economic mineralisation.

## Stuart Town

The Stuart Town goldfield comprises over 80 quartz vein and alluvial occurrences. Gold mining first commenced in the 1850's and more than 170,000 ounces of gold was produced between 1875 (when mine records were first kept in NSW) and the turn of the century.

Gold occurs in structurally controlled often laminated quartz veins in stockwork with pyrite and minor arsenopyrite, galena, chalcopyrite, and sphalerite. The veins are structurally controlled by faulting, jointing, cleavage and bedding planes and believed to represent leakage from an underlying mineralised intrusion (**Figure 12**).

In order to determine the potential for an intrusive porphyry source at depth below the Stuart Town area, previous explorers commissioned a reconnaissance gravity survey. The most prominent feature identified by this survey was a residual gravity low anomaly centred in the region of the Quartz Hill and Manna Hill mines. The feature was virtually coincident with the centre of a magnetic low anomaly.

Discussions have been held with relevant land owners prior to the commencement of exploration drilling.

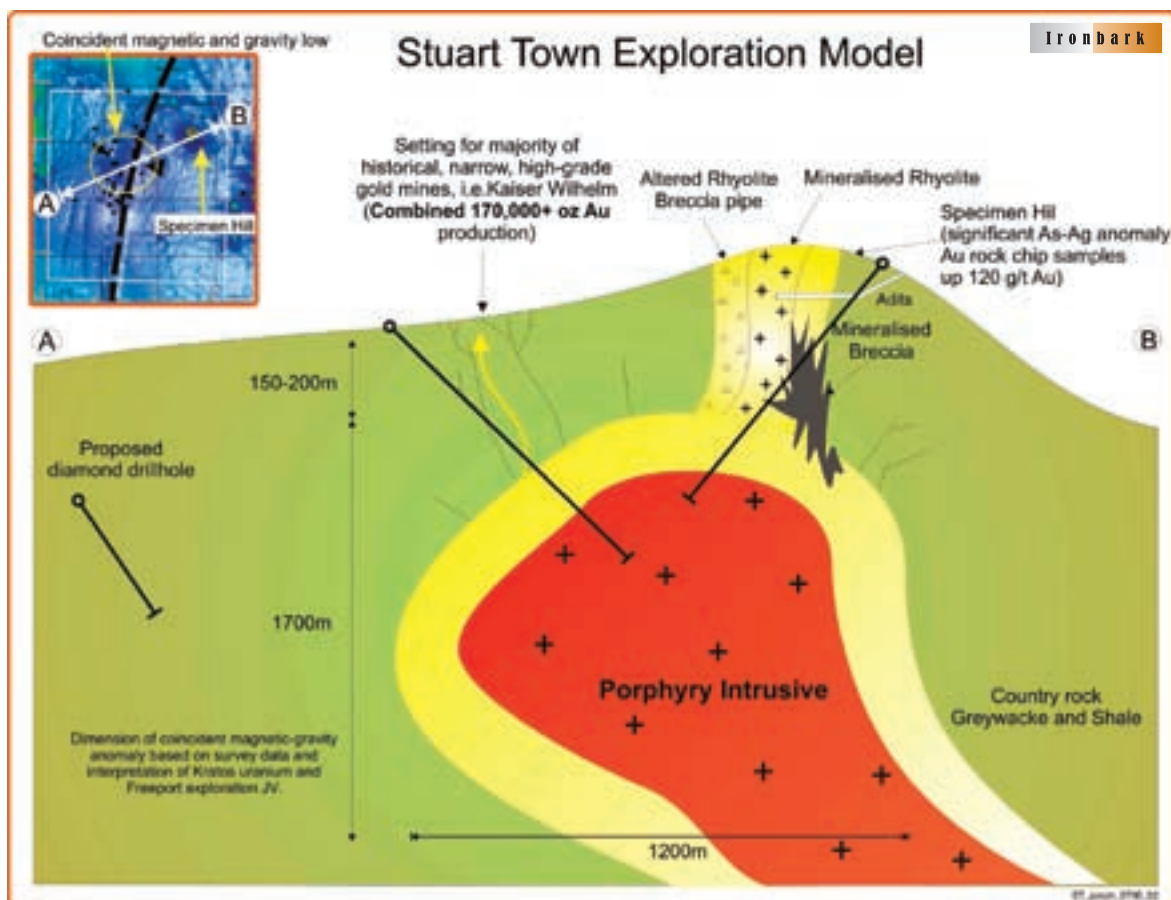
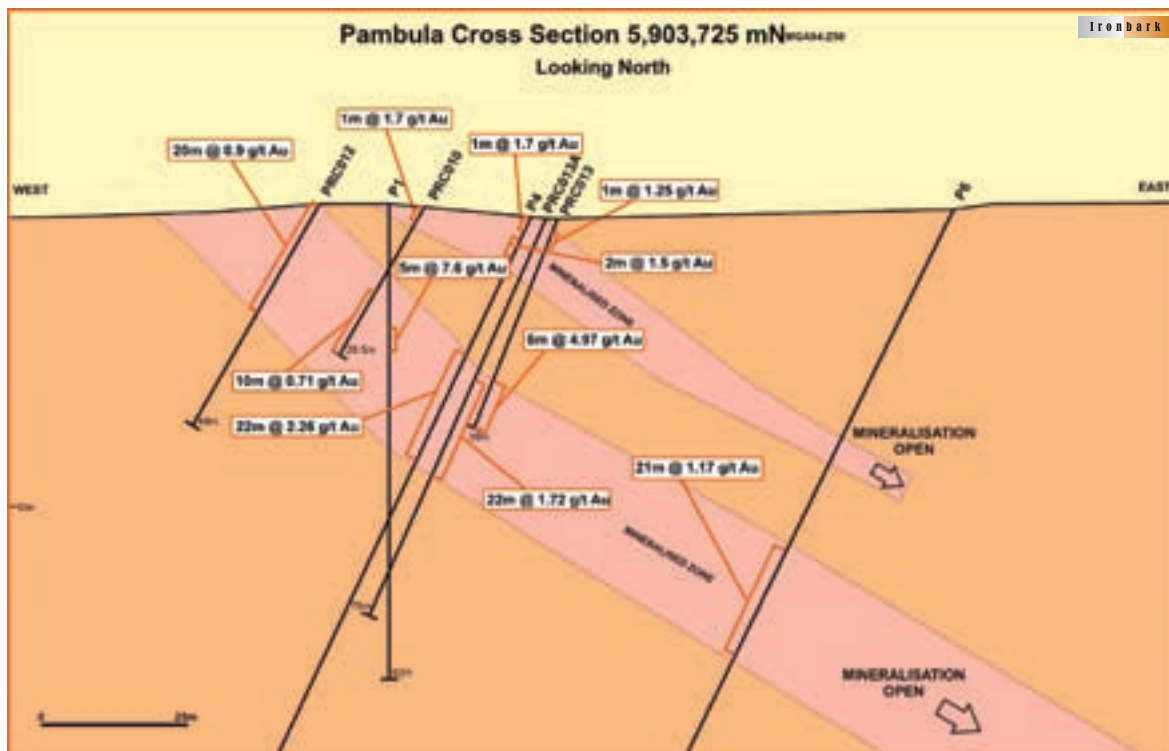


Figure 12 - Stuart Town exploration model





**Figure 13** – Cross section showing gold mineralisation at Pambula

### Pambula

Mapping has been conducted at the Pambula gold project and has been used to complete the drilling data base which has been audited and modelled using 3D software. The review has highlighted open ended high grade gold mineralisation that warrants further exploration efforts as well as excellent exploration prospects surrounding the old gold workings (**Figure 13**).

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



Equipment for Citronen being unloaded



## 6. Significant Changes In State Of Affairs

The following significant changes in the state of affairs of the Company occurred during the financial period:

### Purchase of Citronen Project

On the 28 March 2007, the Company announced that it had completed a due diligence process relating to the purchase of the Citronen Zinc Project ("Citronen") and had exercised an option to purchase this project. The consideration for the acquisition of the Citronen Project was A\$6,000,000 in cash and the issue of 8,000,000 shares and 16,000,000 options (with an exercise price of \$1.50) in the Company.

The acquisition of the Citronen Project was subsequently approved at an Extraordinary General Meeting ("EGM") of the Company on the 21 May 2007.

In completing this transaction, the Company was required to purchase all of the issued shares in a company incorporated in the British Virgin Isles and known as Bedford (No.3) Ltd.

The purchase was completed on the 28 June and Bedford No.3 Ltd has now become a wholly owned subsidiary of the Company.

### Capital Raising

On the 12 April 2007, the Company announced that it had entered in to a number of subscription agreements to raise the sum of \$25,750,000. The Company proposed to issue 10,300,000 shares at an issue price of \$2.50 in order to raise this amount. The placement was made to a number of institutional investors.

The purpose of this raising was to provide the Company with the necessary working capital to explore its Citronen Project assets and, over the forthcoming few years, move toward undertaking a full feasibility study.

The capital raising and placement of the 10,300,000 shares was subject to a shareholders vote at the EGM held on the 21 May 2007. A short form prospectus was issued prior to the EGM and made available for existing shareholders to review.

The placement of the 10,300,000 shares was subsequently approved at the EGM held on the 21 May 2007.

### Share Spilt

A motion was passed at the EGM of the 21 May 2007 to split the Company's share capital on the basis of 5 shares for each fully paid share held.

Confirmation of this share spilt was announced on the 28 June 2007 and an outline for this process, and a timetable, was provide in an announcement issued by the Australian Securities Exchange ("ASX") on the 29 June 2007.

The share spilt was affected by the 10 July 2007 with all shares trading from this day on a 5 for 1 basis.

### Appointment of Key Personnel and Company Director

On the 21 May 2007, the Company announced the appointment of Mr David Round as Chief Financial Officer, Mr Don McLean as Senior Geologist responsible for management of the Citronen Project and that its Non-Executive Director, Mr Gregory Campbell would fulfil an Executive Director role in future as Director of Engineering Services.

As part of the Company's plans to acquire the Citronen project, the Company announced the appointment of Mr Vincent Hyde as a Non-Executive Director on the 28 March 2007.

## 7. After Balance Date Events

The Company finalised its five (5) for one (1) share split within 16 days of the end of the 2007 financial year.

Details of this share split were provided to shareholders, as required, prior to the 30th June 2007.



## 8. Information on Directors

### Peter D. Bennetto Non-executive Chairman

**Qualifications:** Nil

**Experience:**

Mr Bennetto has over thirty years experience in banking and investment. He has had deep involvement in capital, currency and commodity markets with Societe Generale and Banque Indosuez. Mr Bennetto has held company director positions in exploration, mining and manufacturing companies listed on the ASX since 1990. Mr Bennetto was a founding director of Anaconda Nickel Ltd, and is currently a director of Sustainable Harvest Group Ltd.

**Interest in Shares/Options:**

2,300,000 fully paid shares.

**Directorships of ASX listed companies:** Nil

**Other directorships in previous 3 years:** Nil

### Jonathan C. Downes Executive Managing Director

**Qualifications:** B.Sc Geol, MAIG

**Experience:**

Mr Downes has over 12 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 (now owned by Monarch Resources Limited). Mr Downes was an Executive director of Siberia Mining Corporation limited and is currently a non-Executive director of Graynic Metals Limited and Wolf Minerals Limited, and the Managing Director of Ironbark Gold Limited.

**Interest in Shares/Options:**

10,700,000 fully paid shares and 5,000,000 options (expiring 10/08/2011).

**Directorships of ASX listed companies:**

Wolf Minerals Limited (20 September 2006 to date)  
Graynic Metals Limited – (30 June 2005 to date)

**Other directorships in previous 3 years:** Nil

### Adrian P. Byass Executive Technical Director

**Qualifications:** B.Sc Hon (Geol), B.Econ, FSEG, MAIG

**Experience:**

Mr Byass has over 12 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 modeling during his employment with publicly listed mining companies. Mr Byass was a founder of Siberia Mining Corporation Limited (now owned by Monarch Resources Limited) and Hibernia Gold (now Moly Mines Limited). Mr Byass is currently an Executive Director of Ironbark Gold Limited.

**Interest in Shares/Options:**

9,650,000 fully paid shares and 5,000,000 options (expiring 10/08/2011)

**Directorships of ASX listed companies:**

Wolf Minerals Limited (20 September 2006 to date)

**Other directorships in previous 3 years:** Nil

### Vincent Hyde Non-executive Director

**Qualifications:** MNIA

**Experience:**

Mr Hyde has over 40 years banking and corporate advisory experience. He was the managing director of a merchant bank for many years and his responsibilities include overall management and performance of operations in Australia, South East Asia, Republic of South Africa, United Kingdom, France, Germany and North America. Vincent is also a director of ASX listed company Prime Minerals Limited.

**Interest in Shares/Options:** Nil

**Directorships of ASX listed companies:**

Prime Minerals Limited (18 April 2006 to date)  
Blaze International Limited since April 2007

**Other directorships in previous 3 years:** Nil

**David Kelly** Non-Executive Director**Qualifications:** BCom, CA**Experience:**

David Kelly is a qualified Chartered Accountant and has some 9 years experience in finance positions in Australia and the United Kingdom, including senior roles with Chartered Accountants, Deloitte Touche Tohmatsu and Royal & SunAlliance Insurance.

**Interest in Shares/Options:** Nil**Directorships of ASX listed companies:** Nil**Other directorships in previous 3 years:** Nil**Gregory C. Campbell** Executive Director**Qualifications:** BE (Chem) Hons, MAusIMM, MIEAust**Experience:**

Mr Campbell has 17 years engineering experience across Australia primarily in the iron industry. Mr Campbell has experience in process and chemical engineering, operating, marketing and financial analysis of projects in the metals industry. This experience has been gained in various capacities including 8 years with BHP Limited in a range of engineering and technical roles, 8 years in senior engineer consultancy roles with Aker Kvaerner and Promet Engineers and process engineering work for Ausmelt Ltd. Mr Campbell is currently an Executive Director of Ironbark Gold Limited.

**Interest in Shares/Options:** 1,500,000 fully paid shares.**Directorships of ASX listed companies:**

Wolf Minerals Limited (20 September 2006 to date)

**Other directorships in previous 3 years:** Nil

## 9. Meetings of Directors

The number of directors' meetings held during the financial year; the directors that held office during the financial year and the number of meetings attended by each director are:

Directors Meetings		
Director	Number Eligible to Attend	Meetings Attended
Peter D. Bennetto	4	4
Jonathan C. Downes	4	4
Adrian P. Byass	4	4
Gregory C. Campbell	4	4
Vincent Hyde	2	2

The Company recently confirmed the establishment of an Audit & Compliance Committee. The members of this committee are Mr Bennetto, Mr Downes, Mr Hyde and Mr Kelly.

Whilst no formal meeting have been held by this committee, it is intended meetings shall be held on a regular basis throughout the forthcoming year. The committee intend to meet to discuss the results of the 2007 audit.

The Board also recently established a Remuneration Committee. The members of this committee are Mr Bennetto, Mr Downes and Mr Hyde.

## 10. Remuneration Report

Details of the remuneration of directors and key executives are contained within Note 5 of the annual report.

## 11. Options

Share options on issue at year end or exercised during the year

At the end of the financial period the following options over new ordinary shares in the Company were on issue:

Type	No. Issued	No. Quoted	Exercise Price (\$)	Expiry Date
Director Incentive	10,000,000	-	0.06	20/08/2011
Employee Incentive	2,500,000	-	0.85	25/06/2012
Shareholder Placement	500,000	-	0.85	25/06/2012
Shareholder Placement	80,000,000	-	0.30	28/06/2012





## 12. Environmental Issues

The Company 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.

## 13. Indemnifying Officers or Auditor

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, auditor or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

## 14. Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

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

## 15. Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2007 has been received.

## 16. Non-audit Services

The board of directors is satisfied that the provision of non-audit services performed during the year by the entity's auditors 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 reason:

- The nature of the services provided do not compromise the general principles relating to auditors independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

An amount of \$5,000 was payable to Mack & Co, (auditors) for the preparation of the Investigating Accountants Report included as part of the Prospectus lodged with ASX on 10 July 2006. No other fees were paid or payable to the auditors for non-audit services performed during the year ended to 30 June 2007.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

**Jonathan Downes**  
Executive Managing Director  
Perth, 27 September 2007







# AUDITOR'S INDEPENDENCE DECLARATION

Under section 307C of the Corporations Act 2001

## To The Directors of Ironbark Gold Limited

I declare that to the best of my knowledge and belief, during the year ended 30 June 2007, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*Mack & Co*

### **Mack & Co**

Chartered Accountants  
2nd Floor, 35 Havelock Street  
West Perth WA 6005

*N.A Calder*

### **N.A Calder, Partner**

*SEPTEMBER 28 2007*

Date





Aerial photo of Citronen Project 2007

# DIRECTOR'S DECLARATION



The directors declare that:

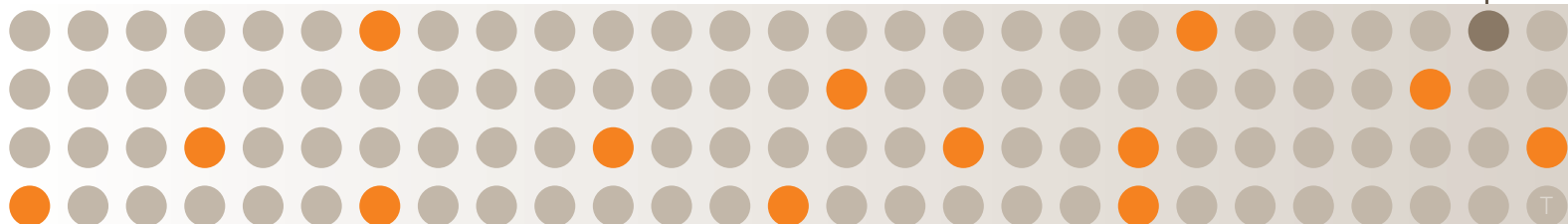
- (a) in the directors' opinion, there are reasonable grounds to believe that the Company and its controlled entities will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company and its controlled entities; and
- (c) the directors have been given the declarations required by s.295A of the Corporations Act 2001

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Jonathan C. Downes'.

**Jonathan C. Downes**  
Director  
27 September 2007



# INDEPENDENT AUDIT REPORT

## To members of Ironbark Gold Limited

### Scope

We have audited the accompanying financial report of Ironbark Gold Limited and the consolidated entity, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and 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.

As permitted by the Corporations Regulations 2001, the Company has disclosed information about the remuneration of Directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Policy of the Directors' report and not in the financial report.

### 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.

The Directors also are responsible for preparation and presentation of the remuneration disclosures contained in the Directors' report in accordance with the Corporations Regulations 2001.

### 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 and that the remuneration disclosures in the Directors' report comply with Accounting Standard AASB 124.

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 and the remuneration disclosures in the Directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Ironbark Gold Limited, would be in the same terms if provided to the Directors as at the date of this auditor's report.





### Auditor's Opinion

In our opinion:

- a. the financial report of Ironbark Gold Limited and its consolidated entity is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 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;
- b. the financial report also complies with International financial Reporting Standards as disclosed in Note 1; and
- c. the remuneration disclosures that are contained in the Directors' report and notes to the financial statements comply with Accounting Standard AASB 124.



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



**N.A Calder, Partner**



Date

# INCOME STATEMENT

For the Financial Year Ended 30 June 2007

	NOTE	Consolidated Group		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Other revenue	2	295,413	1,508	295,413	1,508
Administration expenses		320,561	15,274	320,561	15,274
Compliance expenses		76,287	-	76,287	-
Director's fees		187,848	-	187,848	-
Depreciation	3	18,205	-	18,205	-
Employee benefit		71,612	-	71,612	-
Equity Compensation benefits	3	1,998,000	-	1,998,000	-
Finance costs		1,618	-	1,618	-
Insurance		27,809	-	27,809	-
Occupancy expenses		53,419	-	53,419	-
Loss from ordinary activities before income tax expense	4	2,459,946	13,766	2,459,946	13,766
Income tax expense	4	-	-	-	-
<b>Net Loss attributable to members</b>		<b>2,459,946</b>	<b>13,766</b>	<b>2,459,946</b>	<b>13,766</b>
<b>LOSS PER SHARE</b>					
Basic loss per share (cents)	21	(2.24)	-	(2.24)	-
Diluted loss per share (cents)	21	(2.24)	-	(2.24)	-

# BALANCE SHEET

As at 30 June 2007

		Consolidated Group		Company	
	NOTE	2007 \$	2006 \$	2007 \$	2006 \$
CURRENT ASSETS					
Cash and cash equivalents	6	16,474,828	337,982	16,474,828	337,982
Trade and other receivables	7	80,823	31,441	80,823	31,441
Other current assets	8	147,998	-	147,998	-
TOTAL CURRENT ASSETS		16,703,649	369,423	16,703,649	369,423
NON CURRENT ASSETS					
Plant and equipment	9	815,773	-	815,773	-
Exploration and evaluation expenditure	10	97,638,236	10,710	3,228,236	10,710
Financial assets	11	3,990,000	-	98,400,000	-
TOTAL NON CURRENT ASSETS		102,444,009	10,710	102,444,009	10,710
TOTAL ASSETS		119,147,658	380,133	119,147,658	380,133
CURRENT LIABILITIES					
Trade and other payables	12	34,516	34,027	34,516	34,027
Provisions	13	14,208	-	14,208	-
Deferred tax liability	4	1,188,000	-	1,188,000	-
TOTAL CURRENT LIABILITIES		1,236,724	34,027	1,236,724	34,027
TOTAL LIABILITIES		1,236,724	34,027	1,236,724	34,027
NET ASSETS		117,910,934	346,106	117,910,934	346,106
EQUITY					
Issued capital	14	68,494,646	359,872	68,494,646	359,872
Reserves	15	51,890,000	-	51,890,000	-
Accumulated losses	16	(2,473,712)	(13,766)	(2,473,712)	(13,766)
TOTAL EQUITY		117,910,934	346,106	117,910,934	346,106

The accompanying notes form part of these financial statements.



# STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2007

	Issued Capital \$	Accumulated Losses \$	Asset Revaluation Reserve \$	Option Reserve \$	Total \$
<b>Consolidated Entity</b>					
Balance at 30 June 2006	359,872	(13,766)	-	-	346,106
Issue of share capital	70,040,000	-	-	-	70,040,000
Loss for the year	-	(2,459,946)	-	-	(2,459,946)
Issue of options	-	-	-	49,118,000	49,118,000
Share issue costs	(1,905,226)	-	-	-	(1,905,226)
Employee equity settled	-	-	-	-	-
Asset Valuation Reserve	-	-	2,772,000	-	2,772,000
Balance at 30 June 2007	68,494,646	(2,473,712)	2,772,000	49,118,000	117,910,934
Balance at 30 June 2005	-	-	-	-	-
Issue of share capital	400,352	-	-	-	400,352
Loss for the year	-	(13,766)	-	-	(13,766)
Issue of options	-	-	-	-	-
Share issue costs	(40,480)	-	-	-	(40,480)
Employee equity settled	-	-	-	-	-
Asset Valuation Reserve	-	-	-	-	-
Balance at 30 June 2006	359,872	(13,766)	-	-	346,106
<b>The Company</b>					
Balance at 30 June 2006	359,872	(13,766)	-	-	346,106
Issue of share capital	70,040,000	-	-	-	70,040,000
Loss for the year	-	(2,459,946)	-	-	(2,459,946)
Issue of options	-	-	-	49,118,000	49,118,000
Share issue costs	(1,905,226)	-	-	-	(1,905,226)
Employee equity settled	-	-	-	-	-
Asset Valuation Reserve	-	-	2,772,000	-	2,772,000
Balance at 30 June 2007	68,494,646	(2,473,712)	2,772,000	49,118,000	117,910,934
Balance at 30 June 2005	-	-	-	-	-
Issue of share capital	400,352	-	-	-	400,352
Loss for the year	-	(13,766)	-	-	(13,766)
Issue of options	-	-	-	-	-
Share issue costs	(40,480)	-	-	-	(40,480)
Employee equity settled	-	-	-	-	-
Asset Valuation Reserve	-	-	-	-	-
Balance at 30 June 2006	359,872	(13,766)	-	-	346,106

The accompanying notes form part of these financial statements.

# STATEMENT OF CASHFLOWS

For the Financial Year Ended 30 June 2007

		Consolidated Group		Company	
	NOTE	2007 \$	2006 \$	2007 \$	2006 \$
<b>Cash Flows from Operating Activities</b>					
Payments to suppliers and employees		(773,856)	(7,423)	(773,856)	(7,423)
Interest received	2	295,432	1,508	295,432	1,508
Other		(168,618)	-	(168,618)	-
Net cash used in operating activities		(647,042)	(5,915)	(647,042)	(5,915)
<b>Cash Flows from Investing Activities</b>					
Payments for plant and equipment		(8,940)	-	(8,940)	-
Payments for exploration and evaluation		(4,042,566)	(10,710)	(4,042,566)	(10,710)
Bonds paid		-	(30,000)	-	(30,000)
Payments for investments		(6,009,380)	-	(6,009,380)	-
Net cash used in investing activities		(10,060,886)	(40,710)	(10,060,886)	(40,710)
<b>Cash Flows from Financing Activities</b>					
Proceeds from issue of ordinary shares	14	28,750,000	400,352	28,750,000	400,352
Payments for share issue cost	14	(1,905,226)	(15,745)	(1,905,226)	(15,745)
Net cash provided by financing activities		26,844,774	384,607	26,844,774	384,607
Net increase in cash and cash equivalents		16,136,846	337,982	16,136,846	337,982
Add opening cash brought forward		337,982	-	337,982	-
<b>Closing cash carried forward</b>	<b>6</b>	<b>16,474,828</b>	<b>337,982</b>	<b>16,474,828</b>	<b>337,982</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Statement of Significant Accounting Policies

### (a) Statement of compliance

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

The financial report covers the consolidated group of Ironbark Gold Limited and controlled entities, and Ironbark Gold Limited as an individual parent entity. Ironbark Gold Limited is a listed public company, incorporated and domiciled in Australia.

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

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

### (b) Basis of preparation

The financial information has been prepared on the accruals basis and is based on historical costs and does not take into account changing money values. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

### (c) Plant and Equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

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 assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable



that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

### (c) Plant and Equipment (cont)

#### Depreciation

The depreciable amount of all fixed assets is depreciated over their useful lives to the economic entity commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Method	Depreciation Rate 2007
Plant and equipment	Diminishing Value	10 – 40%
Exploration Site Equipment	Diminishing Value	10 – 40%

The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

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

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

can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period (s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

### (d) Income Tax

#### Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets

#### Current and Deferred Taxation

Current and deferred tax is recognised as an expense or income in the Income Statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

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 Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**1. Statement of Significant Accounting Policies (continued)****(e) Exploration, Evaluation and Development Expenditure****Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward in respect of areas of interest for which the rights of tenure are current and where:

- a. such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- b. activities in the area have not at the balance sheet 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. Where carried forward expenditure does not satisfy the policy stated above it is written off to the income statement in the period in which the decision is made to write-off.

Accumulated costs in relation to an abandoned area are written off to the income statement in the period in which the decision to abandon the area is made.

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 or petroleum permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**Impairment**

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is written down to its recoverable amount. Any impairment losses are recognised in the income statement.

**(f) Earnings per share**

Basic earnings per share is calculated as net earnings attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net earnings attributable to members, adjusted for:

costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(g) Revenue**

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax paid to the taxation authority.

**Interest**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes on hand and other funds held at call net of bank overdrafts.



**(i) Financial Assets**

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

**(i) Financial assets at fair value through profit or loss**

Financial assets classified as held for trading are included in the category 'Financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

**(ii) Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums

and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

**(iii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

**(iv) Available-for-sale investments**

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

**1. Statement of Significant Accounting Policies (continued)****(j) Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(k) Leases**

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

**(l) Foreign Currency Transactions and Balances****Functional and presentation currency**

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

**Transaction and balances**

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

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

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly

recognised in equity, otherwise the exchange difference is recognised in the income statement.

**Group companies**

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

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

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

**(m) Employee Benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the balance date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and other employee benefits expected to be settled within twelve months of balance date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefits are measured at the present value of the estimated future cash flows.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- other types of employee benefits are recognised against earnings on a net basis in their respective categories.

**(n) 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.

**(o) Trade and Other Receivables**

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt.

**(p) Trade and Other Payables**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Trade accounts are normally settled within 45 days.

**(q) Equity Settled Compensation**

The Company provides benefits to employees (including senior executives) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black & Scholes model, further details of which are given in note 5b.

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of a Black & Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:-

- (i) the extent to which the vesting period has expired; and
- (ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**(r) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(s) Changes in Accounting Policies**

The following are Australian Accounting Standards issued or amended which are applicable to the Company but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.



**1. Statement of Significant Accounting Policies (continued)****Reference AASB 108.31**

AASB Amendment			Standards Affected	Outline of Amendment	Application Date of the Standard	Application date for Group
AASB 2005–10 Amendments to Australian Accounting Standards	AASB 1	First-time adoption of AIFRS	The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005.  These amendments will involve changes to financial instrument disclosures within the financial report.  However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.	1 January 2007	1 July 2007	
	AASB 4	Insurance Contracts				
	AASB 101	Presentation of Financial Statements				
	AASB 114	Segment Reporting				
	AASB 117	Leases				
	AASB 133	Earnings per Share				
	AASB 139	Financial Instruments: Recognition and Measurement				

**(t) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of Ironbark Gold Limited and its subsidiary as at 30 June each year ('the Company').

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Company controls another entity.

The financial statements of the subsidiary are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Company transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

**(u) Acquisitions of Assets (including business combinations)**

The purchase method of accounting is used for all acquisitions of assets (including business combinations). Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of the acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date, unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

**(v) Comparatives**

Ironbark Gold Limited acquired a subsidiary during the year and therefore there are no comparatives available for the prior period.

	Consolidated Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$

## 2. Other Income

Operating activities

- interest received	295,413	1,508	295,413	1,508
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## 3. Losses

Losses from operations have been arrived after charging the following items:

Depreciation of non-current assets

- plant and equipment	18,205	-	18,205	-
	18,205	-	18,205	-
Employee equity settled benefits	1,998,000	-	1,998,000	-

## 4. Income Tax

### (a) Tax expense

Current tax	-	-	-	-
Deferred tax	-	-	-	-
	-	-	-	-

### (b) The prima facie income tax benefit on loss from ordinary activities reconciles to the income tax expense as follows:

Loss from ordinary activities	2,459,946	13,766	2,459,946	13,766
Prima facie tax at 30%	(737,984)	(4,130)	(737,984)	(4,130)
Non-deductible items	600,736	324	600,736	324
Timing differences and tax losses not brought to account	137,248	3,806	137,248	3,806
	737,984	4,130	737,984	4,130
Income tax attributable to net loss for the year	-	-	-	-

### (c) The following deferred tax balances have not been accounted for:

Deferred tax assets:

At 30%:

Carried forward income tax losses	1,219,82	8,012	8,012	8,012
Capital raising costs	464,735	9,974	464,735	9,974
Provisions and accruals	8,916	1,500	8,916	1,500
	1,693,478	19,486	1,693,478	19,486

**4. Income Tax (continued)**

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 the Income Tax Assessment Act 1997.
- (c) No change in income tax legislation adversely affect the company in utilising the benefits.

	2007 \$	2006 \$	2007 \$	2006 \$
<b>Deferred Tax Liabilities:</b>				
At 30%:				
Capitalised exploration and evaluation – not brought to account	968,471	3,213	968,471	3,213
Movement in reserves – brought to account on balance sheet as likely to be incurred	1,188,000	-	1,188,000	-
	2,156,471	3,213	2,156,471	3,213

## 5. Key Management Personnel Compensation

### (a) Details of Key Management Personnel in Office at any time during the financial year are:

#### Directors

Peter Bennetto: Non-Executive Chairman

Jonathan Downes: Executive Managing Director

Vincent Hyde: Non-Executive Director

Adrian Byass: Executive Director

Greg Campbell: Executive Director

Executive Directors' remuneration and other terms of employment are reviewed annually by the non-executive directors having regard to performance against goals set at the start of the year, relative comparative information and independent expert advice.

Except as detailed in Notes (a) – (e) to the Remuneration Report, no director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in Notes (a) – (e) to the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Company.

This report details the nature and amount of remuneration for each director of Ironbark Gold Limited.



### Remuneration policy

The remuneration policy of Ironbark Gold Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The board of Ironbark Gold Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the consolidated group, as well as create goal congruence between directors and shareholders.

The board's policy for determining the nature and amount of remuneration for board members is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior staff members, was developed by the managing director and approved by the board after seeking professional advice from independent external consultants.

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.

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 the Managing Director 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 will 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 executive directors and executives 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 directors is valued at the cost to the Company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The managing director in consultation with independent advisors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. 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 Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

### Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This has been achieved by the issue of shares to the majority of the directors and executives to encourage the alignment of personal and shareholder interest.

**5. Key Management Personnel Compensation (Continued)****Details of remuneration for year ended 30 June 2007**

The remuneration for each director of the group receiving the highest remuneration during the year was as follows:

	Short Term Benefits			Post Employment	
	Salary Fees	Other	Non-Monetary	Superannuation	Retirement Benefits
<b>2007</b>					
<b>Mr Peter Bennetto:</b> Non-executive Chairman	37,500	-	-	-	-
<b>Mr Jonathan Downes:</b> Managing Director	91,824	-	-	8,264	-
<b>Mr Adrian Byass:</b> Executive Director	95,217	-	-	4,339	-
<b>Mr Vincent Hyde:</b> Non-executive Director	-	-	-	-	-
<b>Mr Gregory Campbell:</b> Executive Director	21,914	-	-	1,972	-
<b>Total Remuneration</b>	<b>246,455</b>	<b>-</b>	<b>-</b>	<b>14,575</b>	<b>-</b>

**Performance income as a proportion of total income**

No bonuses were paid to executive or non-executive directors during the year.

remuneration. The options are not issued based upon performance criteria, but are issued to increase goal congruence between executives and shareholders.

**Options issued as part of remuneration for the year ended 30 June 2007**

Options have been issued to the Managing Director and other directors as part of there

**Options granted as remuneration**

The following table details the value of options granted, exercised or lapsed during the year:

Key management personnel	Granted no	Grant date	Value per option at grant date	Exercise price \$	First exercise date	Last exercise date
Mr Peter Bennetto	-	-	-	-	-	-
Mr Vincent Hyde	-	-	-	-	-	-
Mr Jonathon Downes	5,000,000	10/08/2006	0.045	0.06	10/08/2007	10/08/2012
Mr Adrian Byass	5,000,000	10/08/2006	0.045	0.06	10/08/2007	10/08/2012
Mr Gregory Campbell	-	-	-	-	-	-

**Employment Contracts of Directors and Senior Executives**

The employment conditions of the Managing Director, Jonathan Downes are formalised in a contract of employment. Other than the Managing Director, all executives are permanent employees of Ironbark Gold Limited.

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

**(b) Compensation Options**

The following table illustrates details of compensation options granted or vested during the financial year:

2007 Key management personnel	Number granted	Number vested	Grant date	Expiry date	Exercise Price \$	Fair value at grant date \$
Mr Peter Bennetto	-	-	-	-	-	-
Mr Vincent Hyde	-	-	-	-	-	-
Mr Jonathon Downes	5,000,000	-	10/08/2006	20/08/2011	0.06c	
Mr Adrian Byass	5,000,000	-	10/08/2006	20/08/2011	0.06c	
Mr Gregory Campbell	-	-	-	-	-	-
Mr David Round	2,500,000	-	09/05/2007	09/05/2012	0.85c	-

**Option Valuation Calculation**

Details of factors used in option valuation calculation for the options granted during the financial year are as follows:-

Inputs into the model	2007 Option series 1 10 August 2006	2007 Option series 2 9 May 2007
Grant date share price	\$0.069	\$0.826
Exercise price	\$0.06	\$0.85
Expected volatility	70%	70%
Option life	5 years	5 years
Dividend paid	Nil	Nil
Risk free interest free	5.90%	6.02%

**(c) Shares issued on exercise of compensation options**

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

**(d) Share Holdings**

Number of Shares held by Key Management Personnel

30 June 2007	Balance at beginning of year	Received as Compensation	Options Exercised	Net Change Other *	Balance at end of year
Mr Jonathan Downes	10,150,000	-	-	550,000	10,700,000
Mr Peter Bennetto	2,300,000	-	-	-	2,300,000
Mr Adrian Byass	9,250,000	-	-	400,000	9,650,000
Mr Gregory Campbell	1,500,000	-	-	-	1,500,000
Mr David Round	-	-	-	-	-
Mr Vincent Hyde	-	-	-	-	-
	<b>23,200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,150,000</b>

\* Net Change other refers to shares acquired, purchased during the financial period.



**5. Key Management Personnel Compensation (Continued)****(d) Share Holdings (continued)**

- (i) A combination of 360,000 shares held directly by Mr Bennetto; 10,000 shares held indirectly by Mrs G Bennetto; 70,000 held indirectly by Cannonbar Pty Ltd (an entity which Mr Bennetto is a shareholder); 10,000 held indirectly by Corporate Momentum Pty Ltd (an entity which Mr Bennetto is a shareholder) and 10,000 held indirectly by Security Discount and Finance Pty Ltd (an entity which Mr Bennetto is a shareholder).
- (ii) Mr Hyde had no direct or indirect interest in shares in the company.
- (iii) A combination of 125,000 shares directly by Mr Downes; 2,000,000 shares held indirectly by Mrs K Downes; 10,000 held by the J & K Downes Super Fund (an entity which Mr Downes has an interest in); 10,000 shares held by Gold Member Pty Ltd (an entity which Mr Downes has shares in).
- (iv) A combination of 10,000 shares held directly by Mr Byass; 395,000 shares held by Mr Byass as trust for a discretionary trust which Mr Byass holds an interest in; and 1,520,000 shares held indirectly by Ms M Roberts (spouse of Mr Byass).
- (v) A combination of 15,000 shares held indirectly by Ms P Wallace (spouse of Mr Campbell) and 150,000 share held by Mr Campbell as Trustee for the Campbell Family Trust, a trust which Mr Campbell holds an interest in.

**(e) Option Holdings**

Number of Options held by Key Management Personnel

	Balance at beginning of year	Exercised during the year	Net change other	Balance at end of year	Total vested	Total exercisable
<b>30 June 2007</b>						
Mr Jonathon Downes	-	-	-	5,000,000	5,000,000	-
Mr Adrian Byass	-	-	-	5,000,000	5,000,000	-
Mr David Round	-	-	-	2,500,000	2,500,000	-
	-	-	-	<b>12,500,000</b>	<b>12,500,000</b>	-

	Consolidated Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$

## 6. Cash and Cash Equivalents

Cash at bank	16,474,828	337,982	16,474,828	337,982
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- i) The cash at bank held at the year end is held at on a cash management and business cheque account which pays interest at a rate between 4.1% and 6.1% per annum.

	2007	2006	2007	2006
	\$	\$	\$	\$

## 7. Trade and Other Receivables

### CURRENT

Prepayment	1,888		1,888	
Loan to related entity		30,000		30,000
GST receivable	78,935	1,441	78,935	1,441
	<b>80,823</b>	<b>31,441</b>	<b>80,823</b>	<b>31,441</b>

### Terms and conditions

- (i) Other debtors are non-interest bearing and are normally settled on 60 day terms

	Consolidated Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$

## 8. Other Current Assets

Inventory & bonds	147,998	-	147,998	-
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## 9. Plant and Equipment - at cost

Balance at the beginning of the period	-	-	-	-
Acquisitions during the period	833,977	-	833,977	-
Accumulated depreciation	(18,204)	-	(18,204)	-
<b>Carried forward plant &amp; equipment</b>	<b>815,723</b>	<b>-</b>	<b>815,723</b>	<b>-</b>

	Consolidated Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$

## 10. Exploration and Evaluation Expenditure

Balance at beginning of period	10,710	-	10,710	-
Exploration and evaluation costs incurred during the period	97,627,526	10,710	3,217,526	10,710
Exploration and evaluation costs written off	-	-	-	-
<b>Carried forward exploration and evaluation expenditure</b>	<b>97,638,236</b>	<b>10,710</b>	<b>3,228,236</b>	<b>10,710</b>

The ultimate recoupment of costs carried forward is dependent upon the successful development and/or commercial exploitation or alternatively, sale of the respective areas of interest.

	Consolidated Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>11. Non-current Assets</b>				
<b>(a) Other financial assets</b>				
Investments in controlled entities at cost*	-	-	94,410,000	-
Investments in related entities at market value	3,990,000	-	3,990,000	-
	<b>3,990,000</b>	<b>-</b>	<b>98,400,000</b>	<b>-</b>

\* As determined based on the fair value of consideration payable – refer below for disclosure regarding the acquisition of Bedford (No.3) Ltd during the year.

**(i) Summary of acquisition**

On 21 May 2007, Ironbark Gold shareholders approved the issue of share based consideration of up to 8,000,000 new fully paid ordinary shares and the right to subscribe for up to 16,000,000 options exercisable at \$1.50 on or before 1 February 2010 in consideration for 100% of the issued share capital of Bedford (No.3) Ltd. The acquisition was pursuant to a sale and purchase agreement announced on 29 June 2007.

**\* Valuation of Options (independently valued)**

The options have been valued using the Black Scholes option valuation methodology by the Company's advisers and based upon the following assumptions:

1. Underlying Security spot price is \$0.806
2. Exercise price is \$0.30
3. Standard deviation of returns (annualised) is 70%
4. Risk free rate is 6.44%
5. Valuation date is 29 June 2007
6. Expiration date is 1 February 2010
7. Expiration period is 2.6 years
8. Black Scholes Valuation is \$0.589 per security

**(ii) Total cost of combination**

	\$
40,000,000 ordinary shares issued	41,290,000
80,000,000 options issued	47,120,000 *
Cash component paid	6,000,000
	<b>94,410,000</b>

**(b) Investments in controlled entities**

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding %
Bedford (No 3) Ltd	British Virgin Islands	Ordinary	100
Ironbark Zinc Pty Ltd	Australia	Ordinary	100

**(c) Ultimate parent company**

The ultimate parent company in the wholly-owned Group is Ironbark Gold Limited a company incorporated in Australia.

On 29 November 2006, Wolf issued 3,500,000 ordinary shares to third parties for the raising of seed capital. None of these shares were issued to Ironbark.

**(d) Investment in Wolf Minerals Limited**

On 20 September 2006, Wolf Minerals Limited ("Wolf") was incorporated with 100 shares on issue, all of which were owned by Ironbark Gold Limited ("Ironbark"). On 17 October 2006, 2,999,900 ordinary shares were issued to Ironbark as consideration for the issue of tenements to bring the total issued capital to 3,000,000 ordinary shares.

Subsequent to this, further ordinary shares were issued to third parties through an IPO and for the acquisition of other tenements which further diluted the Ironbark holding to 12.76%.

The market value of the shares in Wolf at 30 June 2007 is \$3,990,000.



	Consolidated Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$

## 12. Trade and Other Payables

### CURRENT

Unsecured

Sundry payables and accruals	48,724	34,027	48,724	34,027
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Aggregate amounts payable to related parties:

Directors and director-related entities	-	-	-	-
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### Terms and conditions

Terms and conditions relating to the above financial instruments

- (i) Trade creditors are non-interest bearing and are normally settled on 45 day terms
- (ii) Sundry creditors and accruals are non-interest bearing and have an average term of 45 days.

## 13. Provisions

Annual Leave	14,208	-	14,208	-
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	Consolidated Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$

## 14. ISSUED CAPITAL

Issued and paid up capital

204,000,000 Ordinary Fully Paid Shares	68,494,646	359,872	68,494,646	359,872
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### (a) Movements in shares in issue

At the beginning of the reporting period	359,872	-	359,872	-
<b>Shares issued during the period:</b>				
Allotment of Initial Public Offering	3,000,000	-	3,000,000	-
Placement approved at Extraordinary General Meeting of 21st May 2007	25,750,000	-	25,750,000	-
Placement as consideration for the purchase of shares in Bedford (No.3) Ltd ( a company incorporated in the British Virgin Isles).	41,290,000	-	41,290,000	-
Share issue costs	(1,905,226)	-	(1,905,226)	-
<b>At end of reporting period</b>	<b>68,494,646</b>	<b>359,872</b>	<b>68,494,646</b>	<b>359,872</b>

**14. Issued Capital (continued)**

	Consolidated Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>(b) Movements in shares in issue</b>				
At the beginning of the reporting period	7,500,000	-	7,500,000	-
Share split as per (iv) below	30,000,000	-	30,000,000	-
Shares issued during the period:				
Allotment of Initial Public Offering	75,000,000	7,500,000	75,000,000	7,500,000
Placement approved at Extraordinary General Meeting of 21 <sup>st</sup> May 2007	51,500,000	-	51,500,000	-
Placement as consideration for the purchase of shares in Bedford (No.3) Ltd ( a company incorporated in the British Virgin Isles).	40,000,000	-	40,000,000	-
<b>At end of reporting period</b>	<b>204,000,000</b>	<b>7,500,000</b>	<b>204,000,000</b>	<b>7,500,000</b>

- (i) The company issued 15,000,000 shares as part of its Initial Public Offering pursuant to a prospectus issued on 30 June 2006 \$3,000,000 was raised as part of this Offering.
- (ii) At an Extraordinary General Meeting on the 21 May 2007, shareholders of the company approved the issue of 10,300,000 shares at a price of \$2.50 to institutional investors. The value of this issue was \$25,750,000.
- (iii) At an Extraordinary General Meeting on the 21 May 2007, shareholders of the company approved the issue of 8,000,000 shares being part of the purchase price of the shares of the now wholly owned subsidiary, Bedford (No.3) Ltd. The value of this share issue was \$41,290,000 as at the date of the EGM.
- (iv) The above issues were all made prior to the 5/1 split of the company's issued shares.

**Terms and conditions of issued capital****Ordinary shares**

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

**Options over ordinary shares**

During the year ended 30 June 2007, 93,000,000 options have been issued over ordinary shares, exercisable at varying prices and periods. Further details of the terms and conditions of these options is provided in the Directors Report.

	Consolidated Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$

## 15. Reserves

Asset Revaluation Reserve	2,772,000	-	2,772,000	-
Option Premium Reserve	49,118,000	-	49,118,000	-
<b>Total reserves</b>	<b>51,890,000</b>	<b>-</b>	<b>51,890,000</b>	<b>-</b>

### Nature and Purpose of Reserves

#### Option Premium Reserve

The nature and purpose of the option premium reserve is to record the valuation of options issued in consideration of services and assets acquired, and on valuation of employee share options, separately from contributed equity. All options were valued using the Black & Scholes valuation model.

	Consolidated Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Option Premium Reserve</b>				
Balance at the beginning of the period	-	-	-	-
Value of employee options issued during the period	1,548,000	-	1,548,000	-
Value of directors' options vested during the period	450,000	-	450,000	-
Value of options issued to acquire shares in Bedford (No.3) Ltd	47,120,000	-	47,120,000	-
Balance at End of Year	49,118,000	-	49,118,000	-

- (i) 5,000,000 unlisted options were issued to each of Mr Adrian Byass and Mr Jonathan Downes on the 10th August 2006 exercisable at \$0.60, expiring 10th August 2011, subject to the lapse of any unexercised options; 2,500,000 unlisted options were issued to Mr David Round and 500,000 unlisted options issued to Mr Don McLean on the 9 May 2007, expiring on 9 May 2012, subject to the lapse of any unexercised options -
- immediately after the executive ceases to be an employee of the Company if he resigns within two years from the date of the issue; and
  - at the expiration of 60 days after the executive ceases to be an employee of the Company be reasons of death, resignation, dismissal for redundancy of the executive.
- (ii) 80,000,000 unlisted options were issued to an entity referred to as Bedford Resources Inc ("Bedford Resources") as part of the purchase by the company of all of the issued shares in Bedford (No.3) Ltd.

	Consolidated Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$

## 16. Accumulated Losses

Balance at the beginning of the period	13,766	-	13,766	-
Net loss attributable to members of Ironbark Gold Ltd	2,459,946	13,766	2,459,946	13,766
<b>Balance at end of the period</b>	<b>2,473,712</b>	<b>13,766</b>	<b>2,473,712</b>	<b>13,766</b>



	Consolidated Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>17. Statement Of Cash Flows</b>				
<b>(a) Reconciliation of loss after tax to the net cash flows from operations:</b>				
Net loss	(2,459,946)	(13,766)	(2,459,946)	(13,766)
<b>Add: Non cash items</b>				
Depreciation of non-current assets	(18,205)	-	(18,205)	-
Exploration and evaluation expenditure	-	-	-	-
Employee option valuation	(1,998,000)	-	(1,998,000)	-
<b>Changes in assets and liabilities</b>				
Increase in receivables	(77,493)	-	(77,493)	-
Increase in inventory	(138,618)	-	(138,618)	-
Increase in prepayments	(1,888)	-	(1,888)	-
Increase in accruals	(14,698)	7,851	(14,698)	7,851
<b>Net cash flows used in operating activities</b>	<b>(647,042)</b>	<b>(5,915)</b>	<b>(647,042)</b>	<b>(5,915)</b>

**(b) Non cash financing and investing activities****18. Share-based Payments**

Options are issued to vendors, brokers and advisors as part of consideration for services provided and also to directors and executives as part of their remuneration as disclosed in Note 5. The options issued are not subject to performance criteria, but are issued to directors

of Ironbark Gold Limited to increase goal congruence between executives, directors and shareholders.

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options issued to directors, brokers and vendors during the current and prior year:

	Weighted Average Exercise Price \$	Number of Options
<b>At beginning of reporting period</b>		
<b>Granted during the period</b>		
Issue to Directors	0.06	10,000,000
Issue to Staff	0.85	3,000,000
Vendor Issue	0.30	80,000,000
<b>Balance the end of reporting period</b>		<b>93,000,000</b>
<b>Exercisable at end of reporting period</b>		<b>93,000,000</b>

## 19. Expenditure Commitments

### Exploration & Evaluation Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay lease rentals to meet the minimum expenditure requirements of the

Western Australian, Victorian, Queensland, New South Wales and South Australian Departments of Minerals and Energy. These obligations are subject to renegotiation upon expiry of the exploration licenses or when application for a mining lease is made. These obligations are not provided for in the financial statements.

	Consolidated Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Not longer than one year	1,020,815	-	1,020,815	-
Longer than one year, but not longer than five years	5,104,025	-	5,104,025	-
Longer than five years	6,124,890	-	6,124,890	-
	<b>12,249,730</b>	<b>-</b>	<b>12,249,730</b>	<b>-</b>

## 20. Segment Information

The Company operates predominantly in two geographical segments, being Greenland and Australia, and in one industry, mineral mining and exploration.

	Consolidated Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$

## 21. Loss Per Share

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

(a) Earnings used in calculation of diluted earnings per share	(2,459,946)	(13,766)	(2,459,946)	(13,766)
(b) Weighted average number of ordinary shares on issue used in the calculation of basic EPS	109,926,027	-	109,926,027	-
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted earnings per share:	9,742,466	-	9,742,466	-

## 22. Related Party Disclosures

### Other Related Party Transactions

There are no other related party transactions other than those already disclosed in the Remuneration Report.

	Consolidated Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$

## 23. Auditors' Remuneration

Amounts received or due and receivable  
by Mack & Co for:

• an audit of the financial report	26,500	5,000	26,500	5,000
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## 24. Financial Instruments

### (a) Interest rate risk

The Company's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

30 June 2007					
FINANCIAL INSTRUMENT	Floating Interest Rate	Non-interest Bearing	Fixed Interest Maturing Less Than 1 Year	Total	Average Effective Interest Rate
	\$	\$	\$	\$	%
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	16,474,628	200	-	16,474,828	6.1
Trade and other receivables	78,935	-	-	78,935	-
<b>Total financial assets</b>	<b>16,553,563</b>	<b>200</b>	<b>-</b>	<b>16,553,763</b>	
<b>FINANCIAL LIABILITIES</b>					
Trade and other payables	-	48,724	-	48,724	-
<b>Total financial liabilities</b>	<b>-</b>	<b>48,724</b>	<b>-</b>	<b>48,724</b>	

### (b) Net fair values of financial assets and liabilities

Financial assets and liabilities have been recognised at the balance date at their net fair values.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

#### Recognised Financial Instruments

Cash and cash equivalents: The carrying amount approximates fair value because of their short-term maturity.

Receivables and payables: The carrying amount approximates fair value.

### (c) Credit Risk Exposures

The Company's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the balance sheet.

#### Concentration of Credit Risk

The Company is not materially exposed to any individual overseas country or individual customer.

## 25. Critical Accounting Estimates & Judgements

In preparing this Financial Report the Company has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

### a) Significant accounting judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### Capitalisation of exploration and evaluation expenditure

The Company has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

#### Deferred tax assets

The Company expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable at this point in time, that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

### b) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. 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 annual reporting period are:

#### Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

As at 30 June 2007, the carrying value of capitalised exploration expenditure is \$3,228,236.

## 26. Contingent Assets/ Liabilities

There are no contingent liabilities or assets requiring disclosure.

## 27. Subsequent Events

Apart from the matter listed above no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.



# ADDITIONAL SHAREHOLDER INFORMATION

## Shareholding

The distribution of members and their holdings of equity securities in the company as at 14 September 2007 is as follows:

Number held as at 14 September 2007	Class of Equity Securities	Class of Equity Securities
	Fully Paid Ordinary Shares Holders	Fully Paid Ordinary Shares Units
1-1,000	50	23,061
1,001 - 5,000	126	390,332
5,001 – 10,000	87	755,233
10,001 - 100,000	294	12,566,216
100,001 and over	153	190,265,158
TOTALS	710	204,000,000

## Restricted Securities

The Company had no restricted securities at the current date.

## Voting Rights

### Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

## Twenty Largest Shareholders

The names of the twenty largest ordinary, fully paid shareholders as at 14 September 2007 are as follows:

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Bedford Res Hldgs Pty Ltd	40,000,000	19.61
ANZ Nom Ltd	19,011,097	9.32
Singpac Inv Hldg Pty Ltd	12,500,000	6.13
Hsbc Custody Nom Aust Ltd	10,064,075	4.93
Kale Cap Corp Ltd	7,975,000	3.91
Roberts Megan	7,500,000	3.68
Downes Katrina	7,500,000	3.68
Ubs Wealth Mgmt Aust Nom	6,660,952	3.27
Pylara Pl	4,400,000	2.16
Downes Nicholas	4,000,000	1.96
Downes Katrina Peta	2,500,000	1.23
Bassett M I L & S E	2,500,000	1.23
Barton Anthony P & C H	2,500,000	1.23
Delbris Pl	2,250,000	1.10
M & M Media Marketing Con	2,015,000	0.99
Davhal Inv Pl	1,849,500	0.91
Mullins M A & P D	1,775,000	0.87
Canonbar Inv Pl	1,750,000	0.86
Byass Adrian	1,700,000	0.83
Hsbc Custody Nom Aust Lim	1,666,335	0.82
	<b>140,116,959</b>	<b>68.72</b>

## Schedule of Exploration Licence Interests

As At 21 September 2007

Country	Licence	Project	IBG Interest	Area (km <sup>2</sup> )	Grant Date
Greenland	2007/02	Citronen	100%	120	30/06/07
Greenland	2007/31	Citronen	100%	412	30/06/07
Greenland	2007/47	Citronen	100%	1192	30/06/07
Greenland	2007/46	Navarana Fjord	100%	75	30/06/07
Greenland	2007/33	Washington Land	100%	738	30/06/07
Greenland	2007/32	Mestersvig	100%	480	30/06/07
Australia	EL6381	Captains Flat	earning 75%	240.5	22/02/2005
Australia	EL6840	Captains Flat	100%	86.78	19/07/07
Australia	EL6506	Pambula	100%	23.2	27/01/2006
Australia	EL6575	Stuart Town	100%	259.6	20/06/2006
Australia	EL6576	Belara	100%	58.01	20/06/2006
Australia	EL6749	Belara	100%	364.6	20/04/2007
Australia	EL6767	Elsienora	100%	36.9	05/01/2007
Australia	EL6792	Bogong	100%	64.82	29/05/2007
Australia	EL6793	Majors South	100%	678.7	29/05/2007

# CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance. However it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at [www.asx.com.au](http://www.asx.com.au)

Recommendation	Section
Recommendation 1.1 Functions of the Board and Management	1.1
Recommendation 2.1 Independent Directors	1.2
Recommendation 2.2 Independent Chairman	1.2
Recommendation 2.3 Role of the Chairman and CEO	1.2
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Reporting on Principle 2	1.2, 1.4.6, 2.3.2 and the Directors' Report
Recommendation 3.1 Directors' and Key Executives' Code of Conduct	1.1
Recommendation 3.2 Company Security Trading Policy	1.4.9
Recommendation 3.3 Reporting on Principle 3	1.1 and 1.4.9
Recommendation 4.1 Attestations by CEO and CFO	1.4.11
Recommendation 4.2 Establishment of Audit Committee	2.1
Recommendation 4.3 Structure of Audit Committee	2.1.2
Recommendation 4.4 Audit Committee Charter	2.1
Recommendation 4.5 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.4.4
Recommendation 5.2 Reporting on Principle 5	1.4.4
Recommendation 6.1 Communications Strategy	1.4.8
Recommendation 6.2 Attendance of Auditor at General Meetings	1.4.8
Recommendation 7.1 Policies on Risk Oversight and Management	2.1.3
Recommendation 7.2 Attestations by CEO and CFO	1.4.11
Recommendation 7.3 Reporting on Principle 7	2.1.3
Recommendation 8.1 Evaluation of Board, Directors and Key Executives	1.4.10
Recommendation 9.1 Remuneration Policies	2.2.4
Recommendation 9.2 Establishment of Remuneration Committee	2.2
Recommendation 9.3 Executive and Non-Executive Director Remuneration	2.2.4.1 and 2.2.4.2
Recommendation 9.4 Equity-Based Executive Remuneration	2.2.4.1
Recommendation 9.5 Reporting on Principle 9	2.2.2 and 2.2.4
Recommendation 10.1 Company Code of Conduct	3

# 1. Board of Directors

## 1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors, the Chief Executive Officer, the Chief Financial Officer and other key executives in the performance of their roles.

## 1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. The names of the Directors and their qualifications and experience are stated in the Directors' Report along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr Bennetto, Mr Hyde and Mr Kelly are Non-Executive Directors.

An Independent Director is a Non-Executive Director and:

- Is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- Within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- Within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member or an employee materially associated with the service provided;
- Is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Mr Peter Bennetto is the Non-Executive Chairman of the Company and meets the Company's criteria for independence.

## 1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.



Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

- **Leadership of the Organisation:** overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- **Strategy Formulation:** to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- **Overseeing Planning Activities:** the development of the Company's strategic plan.
- **Shareholder Liaison:** ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- **Monitoring, Compliance and Risk Management:** the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- **Company Finances:** approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- **Human Resources:** appointing, and, where appropriate, removing the Chief Executive Officer or Managing Director (CEO / MD) and Chief Financial Officer (CFO) as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
- **Ensuring the Health, Safety and Wellbeing of Employees:** in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- **Delegation of Authority:** delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection at the Company's registered office.

## 1.4 Board Policies

### 1.4.1 Conflicts of Interest

Directors must:

- Disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- If requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

### 1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

### 1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

### 1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- Concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

#### 1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- Details of the roles and responsibilities of a Director;
- Formal policies on Director appointment as well as conduct and contribution expectations;
- Access to a copy of the Board Charter;
- Guidelines on how the Board processes function;
- Details of past, recent and likely future developments relating to the Board;
- Background information on and contact information for key people in the organisation;
- An analysis of the Company;
- A synopsis of the current strategic direction of the Company; and
- A copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

#### 1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

#### 1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

#### 1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- Communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- Giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- Making it easy for shareholders to participate in general meetings of the Company; and
- Requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

#### 1.4.9 Trading in Company Shares

Due to the size of the Company, the Board does not consider it appropriate to implement a Share Trading Policy. Rather, it reminds directors, officers and employees of the prohibition in the Corporations Act 2001 concerning trading in the Company's securities when in possession of "inside information".

#### 1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report.

## 2. Board Committees

### 2.1 Audit Committee

The audit committee consists of primarily independent directors.

#### 2.1.1 Role

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

#### 2.1.2 Responsibilities

The Audit Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit Committee each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit Committee or is also responsible for establishing policies on risk oversight and management.

### 2.2 Remuneration Committee

#### 2.2.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Company recently established a remuneration committee and the details of this are highlighted within this report.

#### 2.2.2 Responsibilities

The responsibilities of a Remuneration Committee, or the full Board include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Chief Executive Officer, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including, setting with the Chief Executive Officer goals and reviewing progress in achieving those goals.

### 2.2.3 Remuneration Policy

Directors' Remuneration for the majority of directors was approved at a Board meeting held on 29 May 2007.

#### 2.2.3.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- Fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- A performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved company performance;
- Participation in any share/option scheme with thresholds approved by shareholders;
- Statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance. During the year there were no Non-Director Executives.

The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

#### 2.2.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in equity schemes of the Company.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

#### 2.2.4 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

### 2.3 Nomination Committee

#### 2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of five (5) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

#### 2.3.2 Responsibilities

The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee would also oversee management succession plans including the CEO/ MD and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

#### 2.3.3 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least two Directors with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

## 3. Company Code of Conduct

The Board has decided against the implementation of a code of conduct as it does not believe that it is in the best interests of its employees or other stakeholders to have what purports to be an exhaustive code of conduct. The Board feels that such a code may be too prescriptive and not allow the employees the discretion they need to best serve the Company's stakeholders.

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2007.





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