IRONBARK Zinc Limited

AND ITS CONTROLLED ENTITIES
(ABN 93 118 751 027)

# HALF YEAR REPORT

## for the financial period ended 31 December 2013

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Ironbark Zinc Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

# CORPORATE DIRECTORY

**NON-EXECUTIVE CHAIRMAN**
Peter Bennetto

**EXECUTIVE MANAGING DIRECTOR**
Jonathan Downes

**EXECUTIVE TECHNICAL DIRECTOR**
Adrian Byass

**EXECUTIVE ENGINEERING DIRECTOR**
Gregory Campbell

**NON-EXECUTIVE DIRECTORS**
David Kelly
John McConnell
Gary Comb
Chris James

**COMPANY SECRETARY**
Robert Orr

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**AUDITORS**
PKF Mack & Co
Level 4, 35 Havelock Street
WEST PERTH WA 6005

**SHARE REGISTER**
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770 Canning Hwy
APPLECROSS WA 6153
Telephone: (08) 9315 2333
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**SECURITIES EXCHANGE LISTINGS**
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: IBG

**BANKERS**
National Australia Bank
1232 Hay Street
WEST PERTH WA 6872

**WEBSITE**
www.ironbark.gl

# DIRECTORS' REPORT

Your Directors submit the financial report of Ironbark Zinc Limited (the Company) and controlled entities (the Consolidated Entity) for the half-year ended 31 December 2013.

## 1. DIRECTORS

The names of Directors who held office during or since the end of the half-year:-

| | |
|---|---|
| Mr Peter Bennetto | Non Executive Chairman |
| Mr Jonathan Downes | Executive Managing Director |
| Mr Adrian Byass | Executive Technical Director |
| Mr Gregory Campbell | Executive Engineering Director |
| Mr David Kelly | Non Executive Director |
| Mr John McConnell | Non Executive Director |
| Mr Gary Comb | Non Executive Director |
| Mr Chris James | Non Executive Director |

Directors have held office for the entire period and to the date of this report unless otherwise stated.

## 2. PRINCIPAL ACTIVITIES

During the half-year the principal activities of the Consolidated Entity consisted of exploration and evaluation of the group's gold and zinc ground holdings.

## 3. RESULT OF OPERATION

The Directors of the Company advise the consolidated loss of the Consolidated Entity after providing for income tax for the half-year to 31 December 2013 is $1,026,209 (2012: $861,516).

## 4. REVIEW OF OPERATIONS

Throughout the half-year, Ironbark Zinc Limited ("Ironbark") has remained well funded and focused on its goals of delivering a major mining operation as rapidly as possible, and delivering shareholder value through building a globally significant base metals mining house.

Ironbark's activities towards advancing the development of its world-class asset, the Citronen Zinc Project (Citronen) in Greenland, were bolstered by a changing market sentiment towards zinc, with international analysts predicting an inevitable upturn in the zinc price. Ironbark made positive progress towards securing the grant of a Mining License for Citronen, and continued its work with China Nonferrous on progressing the EPC and funding plans under the Memorandum of Understanding ("MOU").

Ironbark's efforts towards securing the grant of an Exploitation License (Mining License) for Citronen included submitting the Navigational Safety Investigation ("NSI") Report to the Danish Maritime Authority for review, and continuing work the Social Impact Assessment ("SIA") report.

Both reports are an essential part of the statutory approvals Ironbark is required to complete prior to being granted a Mining License for Citronen. The NSI details the proposed shipping route and methodology for the transport around the proposed mining operation, and the SIA details the beneficial effects the Citronen mine will have on Greenland and its people.

## DIRECTOR'S REPORT (cont)

Ironbark has appointed Grontmij, a leading European consulting and engineering industry company, to assist with the preparation of the SIA and to manage the public review process, which involves significant stakeholder consultation. A significant number of consultations have been held over the past few months and further stakeholders have been recommended for inclusion in this process by the regulatory authorities. This work remains ongoing.

In addition, Ironbark has engaged shipping assistance with the NSI reports and to investigate cost shipping strategies, routes and marshalling areas for Citronen.

In corporate ventures, the Company raised $2.2 million to continue to advance Citronen and to ensure that the Company maintained a strong cash balance with no debt. In recognising the wider economic environment of the industry, the Board and has continued to implement cost reduction strategies at all levels of the business in order to maintain the best foundation for future share price growth for the forecast imminent improvement of the zinc market.

Ironbark's team also committed a great deal of effort towards identifying opportunistic merger and acquisition prospects to utilise its US$50M Glencore mergers and acquisition funding facility, with a view towards developing the Company's goal of becoming a major base metals company.

Perhaps most significantly throughout the half year, the Board has been pleased to observe a turn of sentiment towards zinc, brought on by the zinc market's compelling supply and demand fundamentals which have created a promising platform for strong zinc price appreciation. Factors towards this include:

- Ever increasing zinc demand (increased by ~7.6% over 2013)*
- Major mine closures and looming closures outweigh mine developments
- London Metal Exchange (the largest global zinc warehouse) has reported an almost 30% drop in warehouse zinc levels over the past 12 months
    - At present, zinc stock levels have fallen below 900,000 tonnes, representing less than one month's global zinc consumption
- Declining mine head grades
- Zinc currently a long running under-invested commodity despite being the fourth most used metal in the world and it having no substitute (every car and building uses zinc)

*Source: International Lead and Zinc Study Group (data for first 11 months of 2013 only)

Ironbark has been left essentially without any zinc peers on the Australian Securities Exchange (ASX), due both to zinc's challenging investment environment, and events such as the recent cash acquisition of Perilya Limited by Zhongjin Lingnan for $269 million. This leaves Ironbark in an advantageous position should the global zinc shortage drives zinc prices higher, as predicted by major metal forecasting companies.

Complementing zinc market fundamentals is the increasing attention on zinc by the media, which has identified Ironbark as one of the last remaining zinc players for investors to gain exposure to the zinc market(recent media articles can be found at www.ironbark.gl).

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr A Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG an employee of Ironbark Zinc Limited. Mr Byass has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Byass consents to the inclusion in the report of the matters based on this information in the form and context in which it appear*

# DIRECTOR'S REPORT (cont)

## Corporate Activities

On 26 July 2013, the Company issued 4 million fully paid ordinary shares as settlement of legal proceedings between Bedford Resources Holdings Ltd ("Bedford") and Ironbark in relation to a request by Bedford that a nominated person be appointed as a non-executive director of Ironbark. The Company settled without admission of liability however issued shares to achieve settlement. The financial effect of the settlement was reflected in 30 June 2013 Annual Report.

Bedford has agreed that the nomination right be removed and no further right to appoint a director exists and that both parties bear their own legal costs.

On 26 September 2013, the Company announced that it had issued 36.7 million shares at an issue price of $0.06 pursuant to a placement of the company's securities with professional investors. The placement successfully raised $2.2 million in order for the Company to continue progress on its world class Citronen Zinc Project and continue exploration on its Greenland and Australian base metal projects.

On 13 December 2013, the Company announced that had issued 4,491,856 shares to the Company's Directors and Officers in accordance with shareholder approval and the Company's Employee Share Plan. The shares were issued in lieu of cash salary paid to the Directors and Officers.

At the end of the half year, cash available to the Company was $3,229,532 and listed investments readily convertible to cash for exploration purposes totalled approximately $120,000.

## 5. DIVIDENDS

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.

## 6. ROUNDING OFF OF AMOUNTS

The amounts contained in this report have been rounded under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies, and in accordance with that Class Order, amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars (where rounding is appropriate).

## 7. AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2013.

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

______________________

Jonathan Downes
Managing Director
Dated this 12 March 2014

PKF MACK & CO

Chartered Accountants & Business Advisers

## AUDITOR'S INDEPENDENCE DECLARATION

## TO THE DIRECTORS OF IRONBARK ZINC LTD

In relation to our review of the financial report of Ironbark Zinc Ltd for the half year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack & Co.

PKF MACK & CO

SHANE CROSS
PARTNER

12 MARCH 2014
WEST PERTH,
WESTERN AUSTRALIA

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# INDEPENDENT AUDITOR'S REVIEW REPORT

# TO THE MEMBERS OF

# IRONBARK ZINC LIMITED

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ironbark Zinc Limited (the Company) which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at 31 December 2013, or during the half year.

## Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Ironbark Zinc Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the Company a written Auditor's Independence Declaration.

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## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ironbark Zinc Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

PKF Mack & Co.

PKF MACK & CO

SHANE CROSS
PARTNER

12 MARCH 2014
WEST PERTH,
WESTERN AUSTRALIA

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
### for the half year ended 31 December 2013

| | 31-Dec 2013 $'000 | 31-Dec 2012 $'000 |
|---|---|---|
| Revenue | 134 | 213 |
| Administrative expenses | (106) | (128) |
| Consultancy expenses | (84) | (26) |
| Depreciation and amortisation expenses | (4) | (6) |
| Directors fees | (103) | (138) |
| Employee benefits expense | (172) | (282) |
| Equity compensation benefits | (146) | (37) |
| Exploration expenditure written off | (372) | (32) |
| Insurance expenses | (32) | (36) |
| Loss on disposal of financial asset | - | (100) |
| Occupancy expenses | (64) | (67) |
| Regulatory expenses | (85) | (263) |
| Unrealised gain/(loss) arisen from available for sale financial assets | 8 | 41 |
| **Loss before income tax expense** | (1,026) | (861) |
| Income tax expense | - | - |
| **Loss for the period** | **(1,026)** | **(861)** |
| **Other comprehensive income** | | |
| *Items that maybe reclassified subsequently to profit and loss* | | |
| Net changes in fair value of available for sale financial assets | - | - |
| **Total comprehensive loss for the period** | **(1,026)** | **(861)** |
| **Earnings per share** | | |
| Basic and diluted loss per share (cents) calculated on loss for the period | (0.26) | (0.23) |

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## as at 31 December 2013

| | Note | 31-Dec 2013 $'000 | 30-Jun 2013 $'000 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | 3,230 | 2,122 |
| Trade and other receivables | | 36 | 109 |
| Other current assets | | 28 | 21 |
| TOTAL CURRENT ASSETS | | 3,294 | 2,252 |
| **NON-CURRENT ASSETS** | | | |
| Plant and equipment | | 40 | 44 |
| Exploration and evaluation expenditure | 3 | 90,782 | 90,699 |
| Financial assets | | 120 | 112 |
| Other assets | | 165 | 163 |
| TOTAL NON-CURRENT ASSETS | | 91,107 | 91,018 |
| **TOTAL ASSETS** | | **94,401** | **93,270** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 91 | 391 |
| Provisions | | 64 | 86 |
| TOTAL CURRENT LIABILITIES | | 155 | 477 |
| **NON CURRENT LIABILITIES** | | | |
| Long term provisions | | 87 | 107 |
| TOTAL NON CURRENT LIABILITIES | | 87 | 107 |
| **TOTAL LIABILITIES** | | **242** | **584** |
| **NET ASSETS** | | **94,159** | **92,686** |
| **EQUITY** | | | |
| Issued capital | 5 | 110,179 | 107,680 |
| Reserves | | 754 | 1,936 |
| Accumulated losses | | (16,774) | (16,930) |
| **TOTAL EQUITY** | | **94,159** | **92,686** |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
## for the half year ended 31 December 2013

| | 31-Dec-13 $'000 | 31-Dec-12 $'000 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Payments to suppliers and employees | (700) | (849) |
| Interest received | 45 | 84 |
| Other revenue | 93 | 142 |
| **NET CASH USED IN OPERATING ACTIVITIES** | **(562)** | **(623)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payments for exploration and evaluation | (378) | (771) |
| Proceed from sale of financial asset | - | 908 |
| Refund of deposits | 3 | - |
| **NET CASH FROM/(USED IN) INVESTING ACTIVITIES** | **(375)** | **137** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of shares | 2,202 | - |
| Payment for costs of issue of shares | (157) | - |
| Loan to related party | - | 16 |
| **NET CASH FROM FINANCING ACTIVITIES** | **2,045** | **16** |
| Net increase/(decrease) in cash and cash equivalents | 1,108 | (470) |
| Cash and cash equivalents at the beginning of the reporting period | 2,122 | 4,162 |
| **Cash and cash equivalents at the end of the reporting period** | **3,230** | **3,692** |

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## for the half year ended 31 December 2013

| | Issued Capital $'000 | Accumulated Losses $'000 | Option Reserves $'000 | Total $'000 |
|---|---|---|---|---|
| **Balance at 1 July 2013** | 107,680 | (16,930) | 1,936 | 92,686 |
| Loss for the period | - | (1,026) | - | (1,026) |
| Total comprehensive income for the period | - | (1,026) | - | (1,026) |
| *Transactions with owners, recorded directly in equity* | | | | |
| Issue of share capital | 2,422 | - | - | 2,422 |
| Share-based payments | 234 | - | - | 234 |
| Costs of raising capital | (157) | - | - | (157) |
| Lapse of option on expiry | - | 1,182 | (1,182) | - |
| Total transactions with owners | 2,499 | 1,182 | (1,182) | 2,499 |
| **Balance at 31 December 2013** | 110,179 | (16,774) | 754 | 94,159 |
| **Balance at 1 July 2012** | 107,680 | (15,055) | 2,105 | 94,730 |
| Loss for the period | - | (861) | - | (861) |
| Total comprehensive income for the period | - | (861) | - | (861) |
| *Transactions with owners, recorded directly in equity* | | | | |
| Issue of share capital | - | - | 37 | 37 |
| Lapse of option on expiry | - | 206 | (206) | - |
| Total transactions with owners | - | 206 | (169) | 37 |
| **Balance at 31 December 2012** | 107,680 | (15,710) | 1,936 | 93,906 |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# CONDENSED NOTES TO THE FINANCIAL STATEMENTS
## for the half year ended 31 December 2013

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

Ironbark Zinc Limited (the Company) is a public company, limited by shares, domiciled and incorporated in Australia and listed on the Australian Securities Exchange. The half-year consolidated financial report of the company for the six months ended 31 December 2013, comprise the Company and its subsidiaries (the "Consolidated Entity" or "Group").

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year consolidated financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Ironbark Zinc Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

These consolidated half-year financial statements were authorised for issue in accordance with a resolution of the directors on 11 March 2014.

### Basis of Preparation

The half-year consolidated financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The presentation and functional currency is Australian Dollars.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. Those accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

# NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
## for the half year ended 31 December 2013 (cont)

### New standards and interpretations not yet adopted

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

| AASB No. | Title | Application date of standard | Issue date |
|---|---|---|---|
| AASB 9 | Financial Instruments | 01-01-15 | 01-12-10 |
| AASB 2012-3 | Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities | 01-01-14 | 01-06-12 |
| AASB 2013-3 | Amendments to AASB 136 – Recoverable amount disclosures for non-financial assets | 01-01-14 | 01-06-13 |
| AASB 2013-4 | Amendments to Australian Accounting Standards – notation of derivatives and continuation of hedge accounting | 01-01-14 | 01-07-13 |
| AASB 2013-5 | Amendments to Australian Accounting Standards – Investment entities | 01-01-14 | 01-08-13 |
| AASB 2013-6 | Amendments to AASB 136 arising from Reduced Disclosure Requirements | 01-01-14 | 01-09-13 |
| AASB 2013-8 | Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities [AASB 10, AASB 12 & AASB 1049] | 01-01-14 | 01-10-13 |
| Interpretation 21 | Levies | 01-01-14 | 01-05-13 |

**Going Concern Basis**
The financial statements have been prepared on the going concern basis. As at 31 December 2013 the Consolidated Entity had net assets of $94,158,894 (30 June 2013: $92,686,047) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2013 the Consolidated Entity had $3,229,532 (30 June 2013: $2,121,512) in cash and cash equivalents.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future. As at 31 December 2013 there has been no adjustment in the financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the Consolidated Entity be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the Consolidated Entity not continue as a going concern.

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

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

## NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
## for the half year ended 31 December 2013 (cont)

*(i)* *Share based payment transactions*

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

*(ii)* *Income tax expenses*

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

*(iii)* *Impairment of exploration and evaluation assets*
The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

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

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

*(iv)* *Classification of investments*
The Consolidated Entity has decided to classify investments in listed securities as available for sale. These securities are accounted for at fair value. Any increments or decrements in their value at reporting date are charged or credited to the revaluation reserves.

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

## 2. SEGMENT INFORMATION

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

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

## NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
## for the half year ended 31 December 2013 (cont)

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

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

| | | Australia | Greenland | Total |
|---|---|---|---|---|
| | | $000 | $000 | $000 |
| (i) | **Segment performance** | | | |
| | **For the period ended 31 December 2013** | | | |
| | **Revenue** | | | |
| | Interest revenue | 48 | - | 48 |
| | Cost recoveries | 86 | - | 86 |
| | **Total segment revenue** | 134 | - | 134 |
| | *Reconciliation of segment result to group net profit/(loss) before tax* | | | |
| | Amounts not included in segment result but reviewed by the Board: | | | |
| | Depreciation expenses | (4) | - | (4) |
| | Exploration expenditure written off | (372) | - | (372) |
| | Unallocated items: | | | |
| | Other expenses | | | (784) |
| | Net loss before tax | | | (1,026) |
| (ii) | **Segment assets** | | | |
| | **As at 31 December 2013** | | | |
| | Segment assets at 1 July 2013 | 2,470 | 88,273 | 90,743 |
| | Segment asset increase for the period: | | | |
| | Exploration expenditure | (266) | 349 | 83 |
| | Plant and equipment | (4) | - | (4) |
| | | 2,200 | 88,622 | 90,822 |
| | Reconciliation of segment assets to group assets | | | |
| | Unallocated assets: | | | |
| | Financial assets | | | 3,350 |
| | Other assets | | | 229 |
| | Total group assets | | | 94,401 |
| (iii) | **Segment liabilities** | | | |
| | **As at 31 December 2013** | | | |
| | Reconciliation of segment liabilities to group liabilities | | | |
| | Other liabilities | 242 | - | 242 |
| | Total group liabilities | 242 | - | 242 |

## NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
## for the half year ended 31 December 2013 (cont)

| | | Australia | Greenland | Total |
|---|---|---|---|---|
| | | $000 | $000 | $000 |
| **(i)** | **Segment performance** | | | |
| | **For the period ended 31 December 2012** | | | |
| | **Revenue** | | | |
| | Interest revenue | 71 | - | 71 |
| | Cost recoveries | 142 | - | 142 |
| | **Total segment revenue** | 213 | - | 213 |
| | *Reconciliation of segment result to group net profit/(loss) before tax* | | | |
| | Amounts not included in segment result but reviewed by the Board: | | | |
| | - Depreciation expenses | | | (6) |
| | - Exploration expenditure written off | | | (32) |
| | Unallocated items: | | | |
| | - Other expenses | | | (1,036) |
| | Net loss before tax | | | (861) |
| **(ii)** | **Segment assets** | | | |
| | **As at 30 June 2013** | | | |
| | Segment assets at 1 July 2012 | 2,344 | 86,980 | 89,324 |
| | Segment asset increase for the period: | | | |
| | Exploration expenditure | 139 | 1,292 | 1,431 |
| | Plant and equipment | (12) | - | (12) |
| | | 2,471 | 88,272 | 90,743 |
| | Reconciliation of segment assets to group assets | | | |
| | Unallocated assets: | | | |
| | Financial assets | | | 2,234 |
| | Other assets | | | 293 |
| | Total group assets | | | 93,270 |
| **(iii)** | **Segment liabilities** | | | |
| | As at 30 June 2013 | | | |
| | Reconciliation of segment liabilities to group liabilities | | | |
| | Other liabilities | 570 | 14 | 584 |
| | Total group liabilities | 570 | 14 | 584 |

## NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
## for the half year ended 31 December 2013 (cont)

### 3. EXPLORATION EXPENDITURE

| | 31 Dec 2013 $'000 | 30 Jun 2013 $'000 |
|---|---|---|
| Balance at the beginning of the period | 90,699 | 89,268 |
| Exploration expenditure capitalised during the period | 455 | 1,608 |
| Impairment of exploration expenditure | (372) | (177) |
| Balance at the end of the period | 90,782 | 90,699 |

The value of the exploration expenditure is dependent upon:

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

### 4. CONVERTIBLE NOTE FUNDING FACILITY

In October 2011, the Consolidated Entity entered into a US$50 million Convertible Note funding facility and offtake facility pursuant to a transaction with a wholly owned subsidiary of Glencore International AG ('Glencore'). The Convertible Note is at a conversion price of AUD$0.42 for the first US$30 million (at Ironbark or Glencore's election to convert) and AUD$0.50 for the next US$20 million (at Glencore's election to convert). The availability of the facility is subject to the completion of certain conditions. As at 31 December 2013, the Consolidated Entity has not fulfilled all the conditions of the agreement and hence has not drawn on the funding facility or issued the Convertible Note.

### 5. ISSUED CAPITAL

| | 31-Dec 2013 $'000 | 30-Jun 2013 $'000 |
|---|---|---|
| (a) Issued and fully paid shares | | |
| Fully paid ordinary shares | 113,077 | 110,422 |
| Less: capital issue costs net of tax | (2,898) | (2,742) |
| | 110,179 | 107,680 |

## NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
## for the half year ended 31 December 2013 (cont)

| | Number of shares | $'000 |
|---|---|---|
| (b) Movements in issued and fully paid shares | | |
| Balance at the beginning of the period | 368,392,667 | 107,680 |
| Shares issued | 45,191,856 | 2,656 |
| Less: capital issue costs | - | (157) |
| Balance at the end of the period | 413,584,523 | 110,179 |

## 6. CONTINGENT LIABILITIES

There has been no change to contingent liabilities since the last annual reporting date.

## 7. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2013.

## 8. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

## 9. EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen subsequent to 31 December 2013 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting Consolidated Entity in future financial periods.

# DIRECTOR'S DECLARATION

The Directors of the Company declare that:-

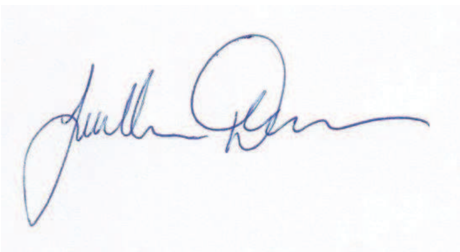
1. The financial statements and notes, as set out on pages 8 to 18 are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, and Corporations Regulations 2001; and

   (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.

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

This declaration is made in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.



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Jonathan Downes
Managing Director

Dated this day 12 March 2014