



AND ITS CONTROLLED ENTITIES

ABN 93 118 751 027

1 Year Zinc Price



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ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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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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SHARE REGISTER

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Code: IBG

BANKERS

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1232 Hay Street

WEST PERTH WA 6872

WEBSITE

www.ironbark.gl

MANAGING DIRECTOR'S LETTER

Dear Shareholders,

I am pleased to share with you the annual review of Ironbark Zinc Limited's ("Ironbark" or "the Company") activities which have advanced the Company significantly towards its goal of developing a globally significant base metals mining house. Our team's work over the past year has delivered several milestone achievements at our world-class 100% owned asset, the Citronen Base Metals Project ("Citronen") in Greenland, which now rates as the largest zinc resource wholly owned by a junior company.

At the time of writing this review, I can report that the recent uplift in the zinc price has directed the media's focus onto the looming supply constraints facing the zinc industry. The zinc price still remains relatively low against the projected price for the following years and much lower than levels reached in 2007 but nevertheless the rise has been encouraging and supports improved interest in Ironbark as well as driving a rising share price.

Ironbark has long-considered the circumstances causing the supply constraints are unique to the zinc industry and that the decades of under investment in the fourth most used metal will continue to support the zinc price and our vision to develop Citronen into a major zinc mine. I am proud to report that Ironbark has been uniquely positioned to take advantage of the recent zinc rally, and this has been reflected in the Company's increased share price.

While a great deal of work is required to take the Citronen project through to financed production, the Company is excited by the prospects facing Citronen and we are proud to own one of the world's largest credible zinc development projects at an advanced post-feasibility stage. Ironbark has withstood the hostile market faced by other zinc explorers and miners over the past several years and has been left without any significant peers on the Australian Securities Exchange.

In addition to being located in Greenland, a nation actively seeking to foster a mining sector to help support its economy, Citronen's mine life of at least 14 years is defined only by the limits of drilling conducted to date. As such, one of the Project's most exciting aspects remains its exceptional exploration potential, with identified mineralisation at Citronen remaining open in almost every direction.

The Company has significantly progressed the Exploitation Licence (Mining Licence) documentation required for Citronen, entered into a revised Memorandum of Understanding with China Non-Ferrous Metal Industry's Foreign Engineering and Construction Co. Ltd. (NFC) and lodged the requisite Social Impact Assessment with the Greenland government. The relevant sections of the Mining Licence documentation have recently been translated into Danish and Inuit, in compliance with Greenland government requirements. The final lodgement of the full documentation that comprises a formal Mining Licence application is imminent.

On the corporate front, Ironbark has continued to explore business development opportunities available through its US\$50M Glencore mergers and acquisition funding facility.

MANAGING DIRECTOR'S LETTER (cont)

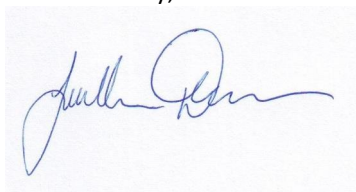
The market's growing appreciation of Ironbark's positioning on the global zinc stage was evidenced in August this year by the overwhelming interest received for the Company's \$2.5 million placement to advance permitting and pre-development preparation works at Citronen, which was more than four times oversubscribed, reflecting the strong support for Ironbark and our Citronen project.

Major goals for Ironbark's team in the new year are adding value to our existing domestic and international projects, maintaining corporate development via the acquisition of complementary assets, and retaining a dedicated focus on the Company's primary goal of progressing Citronen into a major mining operation as rapidly and practically as possible.

Global zinc stockpiles are continuing to decline and zinc prices have continued to rise. As the 100% owner of one of the world's largest, and significant zinc projects held by a junior, Ironbark is uniquely positioned to take advantage of a stronger zinc market with its advanced and large scale Citronen Zinc Project and strategic partners China Nonferrous, Nyrstar and Glencore. We look forward to making significant progress on permitting and development as we progress the Citronen project to the next stage

On behalf of the Ironbark team, I extend our sincere appreciation for the loyal support from our existing shareholders and welcome our new investors as we remain steadfastly on track towards developing a leading international base metals company.

Yours sincerely,



Jonathan Downes
Managing Director

DIRECTORS' REPORT

Your Directors present their report on Ironbark Zinc Limited (the "Company" and "Ironbark") and its controlled entities (together the "Consolidated Entity") for the financial year ended 30 June 2014.

1. Directors

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

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

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

2. Company Secretary

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

3. Principal Activities and Significant Changes in Nature of Activities

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

4. Operating Results

The consolidated loss of the Consolidated Entity after providing for income tax amounted to \$4,663,637 (2013: \$2,081,058).

5. 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.

6. Likely developments and expected results of the operations

The Consolidated Entity intends to continue its exploration, development and production activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

DIRECTOR'S REPORT (cont.)

7. Review of Operations

EXPLORATION ACTIVITIES

Progress towards the granting of a Mining License for the Citronen Zinc Project

Throughout the year, Ironbark made strong progress towards bringing the world class Citronen Zinc Project ("Citronen") into development, including significantly advancing the Exploitation Licence (Mining Licence) documentation, entry into a new non-binding Memorandum of Understanding with China Non-Ferrous Metal Industry's Foreign Engineering and Construction Co. Ltd. (NFC) and lodgement of the requisite Social Impact Assessment with the Greenland government.

The Social Impact Assessment ("SIA"), is a key report required for the application for a Mining License, which details the beneficial effects the Citronen mine will have on Greenland and its people. Ironbark 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. Grontmij possesses world-class expertise in the fields of energy, highways and roads, light rail, sustainable buildings and water.

Ironbark also prepared and submitted the Navigational Safety Investigation (NSI) draft report to the Danish Maritime Authority (DMA) for comment prior to formal lodgement as part of the application for exploitation documentation. Ironbark worked through the DMA's comments, prior to undertaking another round of submission.

The Environmental Impact Assessment (which included three years of environmental base line surveys), SIA, NSI and Feasibility Study summary documents will be lodged with the Mineral Licence and Safety Authority (MLSA) (previously the Bureau of Minerals and Petroleum or BMP) of Greenland as part of the application for exploitation documentation.

The relevant sections of the Mining Licence documentation have recently been translated into Danish and Inuit, in compliance with Greenland government requirements. The documentation has taken considerably longer to complete than expected as Ironbark has been working through ongoing input provided by the relevant Greenland bodies. The final lodgement of the documentation will comprise a formal Mining Licence application.

Ironbark enters into new Memorandum of Understanding with China Non-Ferrous

During the June quarter, Ironbark entered into a new non-binding Memorandum of Understanding ("MoU") with China Non-Ferrous (NFC). The new MoU recognises Ironbark's completion of Citronen's Feasibility Study and heralds a closer relationship between NFC and Ironbark, as well as greater clarity on the future development of Citronen.

The new MoU is an agreement directly between Ironbark and NFC and does not require an intermediary, unlike the former MoU, and represents a significant strengthening in the relationship between Ironbark and NFC.

The MoU is now based on Ironbark's completion of the Feasibility Study, which was followed by due diligence and site visits by senior NFC personnel. This MoU replaces the previous MoU which was not based on a Feasibility Study or due diligence being conducted.

NFC is one of China's leading construction and engineering groups and builds, owns and operates base metal mines, processing plants and smelters around the world. NFC undertakes international

DIRECTOR'S REPORT (cont.)

contracted engineering, equipment and labour services and is rated globally as a high-quality engineering house.

Under the new MoU, the framework is established to conduct the following activities:

- NFC to engineer, design, procure, supply, construct, test and commission Citronen on a full turnkey basis;
- NFC to facilitate financing from banks in China to cover 70% of the project costs;
- NFC to have an option to purchase 19.9% of Citronen at a project level;
- NFC to have a right to enter into an off-take agreement for a portion of the concentrate products from Citronen;
- NFC to provide a performance bank guarantee in favour of Ironbark to be released subject to plant performance tests to the satisfaction of Ironbark.

Meetings between NFC and Greenland's Minister for Mines and department representatives were conducted, with subsequent meetings held between NFC and Ironbark's key infrastructure engineering firm, MT Hojgaard, to collaborate on the development of Citronen. NFC recently announced it signed an MoU with Greenland Minerals and Energy Limited to form a fully integrated global rare earth supply chain.

CORPORATE ACTIVITIES

Bedford Legal Settlement and Issue of Shares

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 and 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.

\$2.2 Million Capital Raising, September 2013

On 26 September 2013, the Company was pleased to announce 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 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.

Option Expiry

On 16 November 2013, the Company announced the following allotments of options had expired:

- (1) 9,050,000 options exercisable at \$0.45 on or before 16 November 2013
- (2) 500,000 options exercisable at \$0.35 on or before 16 November 2013
- (3) 500,000 options exercisable at \$0.45 on or before 20 January 2015 (employee ceased employment without the options being exercised).

Results of Annual General Meeting

The Company held its Annual General Meeting on 28 November 2013. All resolutions put to the meeting were passed unanimously by a show of hands.

DIRECTOR'S REPORT (cont.)

Issue of Shares

On 13 December 2013, the Company announced that had issued 4,491,856 fully paid ordinary shares at 5.1 cents 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.

8. Discussion and Analysis of Operations and the Financial Position

The net assets of the Consolidated Entity have decreased from \$92,686,047 in 2013 to \$90,521,466 in 2014.

The Consolidated Entity's working capital, being current assets less current liabilities, has decreased from \$1,774,550 in 2013 to \$1,706,633 in 2014 and as at 30 June 2014 the Consolidated Entity had \$2,194,182 cash on hand. The Consolidated Entity may require further funding during the 2015 financial year in order to meet day to day obligations as they fall due and progress its exploration and development projects. The Directors anticipate that future financing for exploration and mining activities will be secured in a reasonable timeframe and accordingly the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Exploration and evaluation costs, are capitalised as exploration and evaluation assets on an area of interest basis. Exploration and evaluation assets are only recognised if:

- 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.

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. All exploration projects have been reviewed at 30 June 2014. Accordingly, the Consolidated Entity recorded exploration expense of \$3,400,156.

During the financial year, the Company assessed the carrying value of its exploration expenditure on the Citronen project and considered it to be a reflection of fair value on the basis of the facts and circumstances in particular the completion of the feasibility study which provided a valuation of the Citronen project at greater than the current recorded book value of the asset.

The Consolidated Entity continues to ensure that administration and overhead costs are kept to a minimum through sharing office costs and administration and accounting costs. The Consolidated Entity continually reviews the overhead associated with fees, consultants, corporate compliance and maintaining the listed entity and seeks to keep these costs to a minimum without compromising the entities commitment to appropriate corporate governance principles.

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

9. Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Consolidated Entity other than those disclosed in the Review of Operation.

DIRECTOR'S REPORT (cont.)

10. After Reporting Date Events

On 20 August 2014 the Company announced a placement of the Company's securities with professional investors to raise \$2,520,000. The placement was undertaken in one tranche of 28 million shares at \$0.09 per share. The placement will fund the progress of the Citronen Zinc Project, exploration on Greenland and Australian base metal projects and general working capital.

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

11. Environmental Issues

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

DIRECTOR'S REPORT (cont.)

12. Information on Directors

Mr Peter Bennetto	— Non Executive Chairman
Qualifications	— GAICD, SA Fin
Experience	— Mr Bennetto has over 30 years' experience in investment and banking. He has held company Director positions in exploration, mining and manufacturing companies listed on the ASX since 1990.
Interest in Shares and Options	— 1,222,104 fully paid ordinary shares
Directorships held in other listed entities	— Waratah Resources Limited from 17 July 2008 to 23 January 2013; Fertoz Limited from 2 September 2013 to 26 November 2013.
Mr Jonathan Downes	— Executive Managing Director
Qualifications	— BSc Geol, MAIG
Experience	— Mr Downes has over 15 years; experience in the minerals industry and has worked in various geological and corporate capacities. Mr Downes has experience in nickel, gold and base metals and has had extensive involvement in numerous private and public capital raisings. Mr Downes was a founding Director of Hibernia Gold (now Moly Mines Limited) and Siberia Mining Corporation Limited. Mr Downes is currently a Non Executive Director of Corazon Mining Limited, Waratah Resources Limited and Sabre Resources Limited
Interest in Shares and Options	— 9,483,503 fully paid ordinary shares
Directorships held in other listed entities	— Corazon Mining Limited from 10 April 2006 to present date Sabre Resources Limited from 14 December 2007 to present date Waratah Resources Limited from 17 July 2008 to present date Wolf Minerals Limited from 20 September 2006 to 11 June 2013
Mr Adrian Byass	— Executive Technical Director
Qualifications	— BSc Geol (Hons), B Econ, FSEG, MAIG
Experience	— Mr Byass has over 15 years' experience in the mining and minerals industry. This experience has principally been gained through mining, resource estimation, and mine development roles for several gold and nickel mining and exploration companies. Through his experience in resource estimation and professional association membership, Mr Byass is a competent person for reporting to the ASX for certain minerals. Mr Byass was a founder of Siberia Mining Corporation Limited and Hibernia Gold (now Moly Mines Limited). Mr Byass is currently a Non Executive Director of Corazon Mining Limited, Fertoz Limited and Managing Director of Plymouth Minerals Limited.
Interest in Shares and Options	— 11,479,107 fully paid ordinary shares
Directorships held in other listed entities	— Corazon Mining Limited from 3 September 2009 to present date Plymouth Minerals Limited from 17 June 2010 to present date Fertoz Limited from 4 September 2013 to present date Wolf Minerals Limited from 20 September 2006 to 27 June 2013

DIRECTOR'S REPORT (cont.)

Information on Directors (continued)

Mr Gregory Campbell

Qualifications

Experience

- Executive Director
- B Eng (Hons), MAusIMM, MIEAust
- Mr Campbell has 21 years engineering experience across Australia primarily in the iron industry. Mr Campbell has experience in process and chemical engineering as well as operating, marketing and financial analysis of projects in the metals industry. This experience has been gained in various capacities including 8 years with BHP Limited in a range of engineering and technical roles, 8 years in senior engineer consultancy roles with Aker Kvaerner and Promet Engineers and process engineering work for Ausmelt Limited.

Interest in Shares and Options — 2,230,539 fully paid ordinary shares

Directorships held in other listed entities — Nil

Mr David Kelly

Qualifications

Experience

- Non Executive Director
- BCom, CA
- Mr Kelly is a qualified Chartered Accountant and Glencore representative.

Interest in Shares and Options — Nil

Directorships held in other listed entities — Nil

Mr John McConnell

Qualifications

Experience

- Non Executive Director
- BSc Min Eng
- Mr McConnell is a Canadian mining engineer with a wealth of experience in developing and operating base metal and precious mineral mining operations in the Arctic. Mr McConnell has over 30 years of mining experience including exploration, engineering, environmental assessment and permitting, construction and operations. Recently, Mr McConnell was President and CEO of Western Keltic Mines until it was acquired by Sherwood Copper. Prior to that Mr McConnell was the Vice President of Northwest Territories Projects for De Beers Canada. Mr McConnell is currently an Executive Vice President and Director of Victoria Gold Corp. He is a graduate of the Colorado School of Mines with a Bachelor of Science in Mining Engineering.

Interest in Shares and Options — 80,000 fully paid ordinary shares

Directorships held in other listed entities — Victoria Gold Corp from 8 January 2009 to present date

DIRECTOR'S REPORT (cont.)

Information on Directors (continued)

Mr Gary Comb

Qualifications

Experience

- Non Executive Director
- BE Mech, BSc, Dip Ed
- Mr Comb has spent over 25 years in the Australian Mining Industry, both with mining companies and in mining contractor roles. He was previously the Chief Executive Officer of BGC Contracting Pty Ltd, the mining contracting arm of West Australian construction group BGC Ltd and Managing Director of Jabiru Metals Limited.
- Interest in Shares and Options — 668,662 fully paid ordinary shares and 1,000,000 options in Ironbark
- Directorships held in other listed entities — YTC Resources Limited from 4 July 2012 to present date
Finders Resources Ltd from 5 June 2013 to present date
Zenith Minerals Limited from 2 March 2007 to 11 June 2013

Mr Chris James

Qualifications

Experience

- Non Executive Director
- BSc Mec Eng, MBA
- Mr James, has been the Group Manager of Corporate Development for Nyrstar since 2010, and led the acquisitions of Farallon Mining and Breakwater Resources. He joined the group in 2002 and his background includes mining and metals operations, strategy, business improvement and investor relations. Mr James holds a Bachelor of Science and Engineering (Mechanical) from Monash University, and an Executive MBA from London Business School. Mr James is a Nyrstar representative.
- Interest in Shares and Options — Nil
- Directorships held in other listed entities — Nil

DIRECTOR'S REPORT (cont.)

13. Remuneration Report – Audited

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

Remuneration policy

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

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

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

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

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

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

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

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

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

DIRECTOR'S REPORT (cont.)

The employment conditions of the Executive Directors and other key management personnel are formalised in contracts of employment. All key management personnel are permanent employees of Ironbark.

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

Names and positions held of Consolidated Entity key management personnel in office at any time during the financial year are:

Key Management Personnel	Position held as at 30 June 2014 and any change during the year	Contract details (duration and termination)	Proportion of elements of remuneration related to performance			Proportion of elements of remuneration not related to performance	
			Non-Salary cash-based incentives %	Shares / Units %	Options /Rights %	Fixed salary/ Fees %	Total %
Peter Bennetto	Non Executive Chairman	No fixed term. 3 months notice required to terminate.	-	48	-	52	100
Jonathan Downes	Executive Managing Director	No fixed term. 3 months notice required to terminate.	-	14	-	86	100
Adrian Byass	Executive Director	No fixed term. 3 months notice required to terminate.	-	26	-	74	100
Gregory Campbell	Executive Director	No fixed term. 3 months notice required to terminate.	-	14	-	86	100
David Kelly	Non Executive Director	No fixed term. Upon advice from Nominee Glencore, required to terminate.	-	-	-	-	-
John McConnell	Non Executive Director	No fixed term. 3 months notice required to terminate.	-	-	-	-	-
Chris James	Non Executive Director	No fixed term. Upon advice from Nominee Nyrstar, required to terminate.	-	-	-	-	-
Gary Comb	Non Executive Director	No fixed term.	-	40	-	60	100
Robert Orr	Chief Financial Officer and Company Secretary	No fixed term. 3 months notice required to terminate.	-	17	-	83	100

DIRECTOR'S REPORT (cont.)

a. Key Management Personnel Remuneration

	Short Term Benefits		Share Based Payments	Post Employment Benefits	Total
	Salary and fees	Others	Shares	Superannuation	
	\$000	\$000	\$000	\$000	\$000
2014					
Peter Bennetto	49	-	49	5	103
Adrian Byass	95	-	35	5	135
Jonathan Downes	219	-	39	20	278
Gregory Campbell	217	-	38	20	275
Gary Comb	48	-	35	3	86
David Kelly	-	-	-	-	-
John McConnell	-	-	-	-	-
Chris James	-	-	-	-	-
Robert Orr	167	-	38	13	218
	795	-	234	66	1,095
2013					
Peter Bennetto	95	-	-	9	104
Adrian Byass	222	-	-	13	235
Jonathan Downes	250	-	-	22	272
Gregory Campbell	244	-	-	22	266
Gary Comb	67	-	37	6	110
David Kelly	-	-	-	-	-
John McConnell	-	-	-	-	-
Chris James	-	-	-	-	-
Greg McMillan	-	-	-	-	-
Robert Orr	227	-	-	20	247
	1,105	-	37	92	1,234

Performance income as a proportion of total income

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

b. Options and rights holdings

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including the personally related parties, is set out below:

2014	Balance 1.7.2013	Granted as Compensation	Options Exercised	Option Expired	Balance 30.6.2014	Total Vested 30.6.2014	Total Exercisable 30.6.2014	Total Un-exercisable 30.6.2014
Number of options held by key management personnel:	No. 000	No. 000	No. 000	No. 000	No. 000	No. 000	No. 000	No. 000
Peter Bennetto	1,000	-	-	(1,000)	-	-	-	-
Jonathan Downes	2,000	-	-	(2,000)	-	-	-	-
Adrian Byass	1,500	-	-	(1,500)	-	-	-	-
Gregory Campbell	2,000	-	-	(2,000)	-	-	-	-
John McConnell	500	-	-	(500)	-	-	-	-
Gary Comb	1,000	-	-	-	1,000	1,000	1,000	-
Robert Orr	1,250	-	-	(1,250)	-	-	-	-
Total	9,250	-	-	(8,250)	1,000	1,000	1,000	-

c. Share holdings

The number of shares in the Company held during the financial year by each Director and other member of key management personnel of the consolidated entities including their personally related parties is set out below:

2014	Balance 01.07.13	Received as compensation	Options exercised	Net change other	Balance 30.6.2014
	No.	No.	No.	No.	No.
Number of shares held by key management personnel:	000	000	000	000	000
Jonathan Downes	8,385	748	-	*350	9,483
Peter Bennetto	274	948	-	-	1,222
Adrian Byass	10,455	674	-	*350	11,479
Gregory Campbell	1,500	730	-	-	2,230
John McConnell	80	-	-	-	80
Gary Comb	-	669	-	-	669
Robert Orr	-	722	-	-	722
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	20,694	4,491	-	750	25,885
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

* On-market purchases.

DIRECTOR'S REPORT (cont.)**14. Meetings of Directors**

During the financial year, seven meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Peter Bennetto	5	5	2	2	1	1
Jonathan Downes	5	5	2	2	1	1
Adrian Byass	5	5	-	-	-	-
Gregory Campbell	5	5	-	-	-	-
David Kelly	5	5	2	2	1	1
John McConnell	5	3	-	-	-	-
Gary Comb	5	5	-	-	-	-
Chris James	5	5	-	-	-	-

15. Indemnifying Officers or Auditor

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

The Company has paid premiums to insure each of the following directors and key personnel against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was approximately \$1,000 for each Director and officer.

- Peter Bennetto
- Jonathan Downes
- Adrian Byass
- Gregory Campbell
- David Kelly
- John McConnell
- Chris James
- Gary Comb
- Robert Orr

16. Options

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

Grant Date	Date of Expiry	Exercise Price	Number under
		\$	Option
			000
24/01/2012	31/12/2017	0.30	5,000
26/11/2012	18/12/2016	0.10	1,000
			<u>6,000</u>

DIRECTOR'S REPORT (cont.)**17. Proceedings on Behalf of the Company**

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

18. Non-Audit Services

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

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

The following fees were paid out to PKF Mack & Co Chartered Accountants for non-audit services provided during the year ended 30 June 2014:

Taxation compliance service	\$4,540
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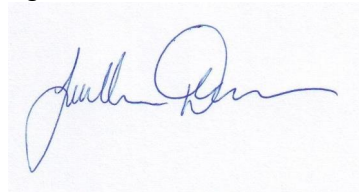
19. Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 19 of the financial report.

20. Rounding of Amounts

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

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



Jonathan Downes
Executive Managing Director

Date: 23 September 2014

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF IRONBARK ZINC LIMITED

In relation to our audit of the financial report of Ironbark Zinc Limited for the year ended 30 June 2014, 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



SHANE CROSS
PARTNER

23 SEPTEMBER 2014
WEST PERTH,
WESTERN AUSTRALIA

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	NOTE	2014 \$000	2013 \$000
Other revenue	2	251	385
Administration expenses		(189)	(273)
Consultancy expenses		(169)	(238)
Depreciation and amortisation expense	12	(8)	(12)
Director's fees		(181)	(281)
Employee benefits expense		(398)	(653)
Equity compensation benefits	3	(146)	(37)
Exploration expenditure	14	(3,400)	(177)
Fair value movement of financial assets	10	(72)	37
Insurance		(62)	(66)
Occupancy expenses		(135)	(119)
Provision for impairment of receivables		-	(38)
Realised loss on sale of financial asset		-	(100)
Regulatory expenses		(155)	(509)
Loss before income tax expense	3	(4,664)	(2,081)
Income tax benefit	4	-	-
Loss for the year		(4,664)	(2,081)
Other comprehensive income/(loss), net of income tax			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Net change in fair value of available -for-sale financial assets		-	-
Other comprehensive income/(loss), net of tax		-	-
Total comprehensive loss for the year		(4,664)	(2,081)
LOSS PER SHARE			
Basic and diluted loss per share (cents)	7	(1.16)	(0.56)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	NOTE	2014 \$000	2013 \$000
CURRENT ASSETS			
Cash and cash equivalents	8	2,194	2,122
Trade and other receivables	9	112	109
Other current assets	13	18	21
Income tax receivable	4	-	-
TOTAL CURRENT ASSETS		<u>2,324</u>	<u>2,252</u>
NON CURRENT ASSETS			
Plant and equipment	12	38	44
Exploration and evaluation expenditure	14	88,570	90,699
Financial assets	10	40	112
Other assets	13	167	163
TOTAL NON CURRENT ASSETS		<u>88,815</u>	<u>91,018</u>
TOTAL ASSETS		<u>91,139</u>	<u>93,270</u>
CURRENT LIABILITIES			
Trade and other payables	16	450	391
Short-term provisions	17	168	86
TOTAL CURRENT LIABILITIES		<u>618</u>	<u>477</u>
NON CURRENT LIABILITIES			
Long term provisions	17	-	107
TOTAL NON CURRENT LIABILITIES		<u>-</u>	<u>107</u>
TOTAL LIABILITIES		<u>618</u>	<u>584</u>
NET ASSETS		<u>90,521</u>	<u>92,686</u>
EQUITY			
Issued capital	18	110,179	107,680
Reserves	19	753	1,936
Accumulated losses		<u>(20,411)</u>	<u>(16,930)</u>
TOTAL EQUITY		<u>90,521</u>	<u>92,686</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Issued Capital \$000	Accumulated Losses \$000	Option Reserve \$000	Total \$000
Balance at 1 July 2012	107,680	(16,930)	2,105	94,730
Loss for the year	-	(2,081)	-	(2,081)
<i>Other comprehensive income</i>				
Asset revaluation reserve	-	-	-	-
Total comprehensive income/(loss) for the year	-	(2,081)	-	(2,081)
<i>Transactions with owners, recorded directly in equity</i>				
Share based payment	-	-	37	37
Option lapsed	-	206	(206)	-
Balance at 30 June 2013	<u>107,680</u>	<u>(16,930)</u>	<u>1,936</u>	<u>92,686</u>
Loss for the year	-	(4,664)	-	(4,664)
<i>Other comprehensive income</i>				
Asset revaluation reserve	-	-	-	-
Total comprehensive income/(loss) for the year	-	(4,664)	-	(4,664)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of share capital	2,202	-	-	2,202
Share based payment	454	-	-	454
Costs of raising capital	(157)	-	-	(157)
Option lapsed	-	1,183	(1,183)	-
Total Transactions with owners	<u>2,499</u>	<u>1,183</u>	<u>(1,183)</u>	<u>2,499</u>
Balance at 30 June 2014	<u>110,179</u>	<u>(20,411)</u>	<u>753</u>	<u>90,521</u>

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

**CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	NOTE	2014 \$000	2013 \$000
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,329)	(1,777)
Interest received		82	188
Other		<u>135</u>	<u>295</u>
Net cash flows used in operating activities	22	<u>(1,112)</u>	<u>(1,294)</u>
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(2)	-
Payments for exploration and evaluation		(856)	(1,654)
Proceeds from sale of investments		-	908
Payments for bonds and deposits		(6)	-
Proceeds from refund of deposit		<u>3</u>	<u>-</u>
Net cash flows used in investing activities		<u>(861)</u>	<u>(746)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares		2,202	-
Payments for share issue cost		<u>(157)</u>	<u>-</u>
Net cash flows generated from financing activities		<u>2,045</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		72	(2,040)
Cash and cash equivalents at beginning of financial year		<u>2,122</u>	<u>4,162</u>
Cash and cash equivalents at end of financial year	8	<u><u>2,194</u></u>	<u><u>2,122</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Ironbark Zinc Limited ('Ironbark' or the 'Company') for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of Directors on 23 September 2014. The Directors have the power to amend and reissue the financial statements.

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

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

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Consolidated Entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

AASB 10 Consolidated Financial Statements

The Consolidated Entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Consolidated Entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements

The Consolidated Entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities

The Consolidated Entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The Consolidated Entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The Consolidated Entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Basis of Preparation

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

Statement of Compliance

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

Basis of Measurement

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

a. Significant accounting estimates, judgments and assumptions

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

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

(i) Share based payment transactions

The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using an appropriate valuation model. Refer to note 23 for further details.

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

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation asset.

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

The key areas of judgement and estimation include:

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

Refer to note 14 for further details.

(iii) *Income tax expenses*

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

(iv) *Classification of investments*

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

(v) *Project valuation*

The variables used by the Directors in valuing the project are based on a series of assumptions provided by the executives and external consultants. In April 2013 the Company completed a Feasibility Study on the Citronen project which uses a discounted cash flow to support the project value.

The key assumptions to which the model is most sensitive include:

- Zinc and lead prices
- Foreign exchange rates
- Production and capital costs
- Discount rate
- Zinc and lead reserves and resources

In determining the value assigned to each key assumption, management has used external sources of information and utilised the expertise of external consultants and experts within the Company to validate entity specific assumptions such as zinc and lead reserves and resources.

The project cash flow forecasts are based on estimates of future zinc and lead prices. The prices used are based on externally verifiable forecast prices per tonne of zinc and lead provided by external industry experts.

The long term AUD/USD forecast exchange rate used is based on externally verifiable sources.

Production and capital costs are based on external consultant estimate and internally generated estimates based on the forecast geological conditions and estimated future production levels.

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

The Company has applied a discount rate to the forecast future attributable cash flows. The discount rate applied to the future cash flow forecasts represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

The recoverable reserve of zinc and lead is dependent on the life of mine. This is calculated based on the projected annual production forecast for the project and zinc and lead reserves and resources.

There is a risk that the assumptions used in present valuations and the change in prevailing market conditions could affect the project value.

b. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Ironbark as at 30 June 2014 and the results of all controlled entities for the year then ended. Ironbark and its controlled entities together are referred to in this financial report as the Consolidated Entity.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

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

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

c. Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity re-measures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

d. Exploration and Evaluation Assets

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

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

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

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

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

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Where

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

applicable, such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

e. Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operation recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of the other parties' interest in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

f. Impairment

(i) Financial Assets

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

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

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

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

(ii) *Exploration and Evaluation Assets*

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

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

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

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

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

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

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

g. Income Tax

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

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

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

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

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

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

Tax Consolidation

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

h. Property, Plant and Equipment

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

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

i. Depreciation

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

j. Financial Instruments

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

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

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

(ii) *Loans and receivables*

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

(iii) *Available-for-sale financial assets*

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

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

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

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

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

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

k. Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

I. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

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

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

m. Employee Benefits

(i) Wages, salaries and annual leave

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

(ii) Employee benefits payable later than one year

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

(iii) Superannuation

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

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

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

- (v) *Equity-settled compensation*
The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

n. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

o. Revenue and Other Income

Revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured.

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

p. Goods and Services Tax (GST)

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

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

q. Receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

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

r. Earnings Per Share (EPS)

Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

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

s. Contributed Equity

Ordinary shares are classified as equity.

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

t. Investments

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

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

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

u. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

v. Acquisition of Assets

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

w. Comparative Figures

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

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

x. Rounding of Amounts

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

y. 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 Consolidated Entity but are not yet effective. This assumes the following have not been adopted in preparation of the financial statements at the reporting date.

Reference	Title	Application date of standard	Issue Date
AASB 9	Financial Instruments	1 January 2018	December 2010
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014	June 2012
AASB 2013-3	Amendments to AASB 136 – Recoverable amount disclosures for non-financial assets	1 January 2014	June 2013
AASB 2013-4	Amendments to Australian Accounting Standards – notation of derivatives and continuation of hedge accounting	1 January 2014	July 2013
AASB 2013-5	Amendments to Australian Accounting Standards – Investment entities	1 January 2014	August 2013
AASB 2013-9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments Part A - Conceptual Framework Part B - Materiality Part C - Financial Instruments	Part A - 20 December 2013 Part B - 1 January 2014 Part C - 1 January 2015	December 2013
AASB 2014-1	Amendments to Australian Accounting Standards Part A - Annual Improvements 2010 - 2012 and 2011 - 2013 Cycles Part B - Defined Benefit Plans: Employee Contributions (Amendments to AASB 119) Part C - Materiality Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E - Financial Instruments	Part A - 1 July 2014 Part B - 1 July 2014 Part C - 1 July 2014 Part D - 1 January 2016 Part E - 1 January 2015	June 2014
AASB 1031	Materiality (Revised)	1 January 2014	December 2013
AASB 14	Regulatory Deferral Account	1 January 2016	June 2014
Interpretation 21	Levies	1 January 2014	May 2013
Amendments to IAS 16 PP&E and IAS 38 Intangible Assets	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	May 2014
IFRS 15	Revenues from Contracts with Customers	1 January 2017	May 2014

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

	2014 \$000	2013 \$000
2. OTHER REVENUE		
Operating activities		
- Interest received	82	147
- Cost recoveries	169	223
- Exploration grant	<u>-</u>	<u>15</u>
Total Other Revenue	<u>251</u>	<u>385</u>
3. LOSS BEFORE INCOME TAX EXPENSES		
Losses before income tax have been arrived after charging the following items:		
Occupancy costs	135	119
Employee benefits expense	351	589
Foreign exchange loss/(gain)	(1)	(8)
Superannuation expenses	47	64
Equity-settled compensation benefits		
- Gross	234	37
- Less capitalised E & E	<u>(88)</u>	<u>-</u>
	146	37
Depreciation of non-current assets		
- plant & equipment	8	12
Exploration expenditure impairment	3,400	177
4. INCOME TAX BENEFIT		
a. The components of tax benefit comprise:		
Current tax	-	-
Deferred tax	-	-
b. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2013: 30%)	(1,399)	(624)
Add:		
Tax effect of:		
- Other non-allowance items	20	94
- Share based payments	-	11
- Provisions and accruals	-	37
- Accrued income	-	12
- Exploration, evaluation and development expenditure	888	-
- Capital losses not recognised	-	32
- Revenue losses not recognised	<u>554</u>	<u>493</u>
	1,462	679
Less:		
- Provisions and accruals	10	-
- Capital losses not recognised	53	-
- Exploration, evaluation and development expenditure	-	47
- Other income	-	3
- Research and development tax concession rebate	<u>-</u>	<u>5</u>
	63	55
Income tax benefit attributable to entity	-	-
The applicable average weighted tax rates are	-	-

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

- c. As at the date of this report, the potential refundable tax offset for the reporting period ended 30 June 2014 has not been determined.

2014	2013
\$000	\$000

- d. The following deferred tax balances have not been recognised:

Deferred Tax Assets:

At 30%

Carried forward revenue losses	1,786	1,232
Carried forward capital losses	43	43
Provisions and accruals	69	79
Property, plant and equipment	<u>2</u>	<u>2</u>
	<u><u>1,900</u></u>	<u><u>1,356</u></u>

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

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

Deferred Tax Liabilities:

At 30%

Exploration, evaluation and development expenditure	231	733
Investments	6	28
Accrued income	<u>-</u>	<u>2</u>
	<u><u>237</u></u>	<u><u>763</u></u>

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

5. KEY MANAGEMENT PERSONNEL COMPENSATION

- a. *Names and positions held of Consolidated Entity key management personnel in office at any time during the financial year are:*

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

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

b. Key management personnel compensation

	2014 \$000	2013 \$000
The key management personnel compensation comprised:		
Short term employment benefits	795	1,105
Post-employment benefits	66	92
Equity compensation payments	234	37
	<u>1,095</u>	<u>1,234</u>

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

6. AUDITORS' REMUNERATION

During the financial year the following fees were paid or payable for services provided by PKF Mack & Co, the auditor of the Group:

Audit or review of financial statements	41	76
Preparation of tax return	4	5
	<u>45</u>	<u>81</u>

7. LOSS PER SHARE

a. Loss used to calculate basic and dilutive EPS	(4,664)	(2,081)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	402,482,720	368,392,667

There are 6,000,000 share options excluded from the calculation of diluted earnings per share (that could potentially dilute basic earnings per share in the future) because they are anti-dilutive for each of the years presented.

	2014 \$000	2013 \$000
8. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	494	2,122
Short term bank deposits	1,700	-
	<u>2,194</u>	<u>2,122</u>

The effective interest rate on short-term bank deposits was 2.5% (2013: 2.71%); these deposits have an average maturity of 90 days.

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

	2014	2013
	\$000	\$000
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flow is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>2,194</u>	<u>2,122</u>

9. TRADE AND OTHER RECEIVABLES

Current

GST receivable	47	43
Other receivables	50	54
Amounts receivable from		
- Other related parties	<u>15</u>	<u>12</u>
Total trade and receivables	<u>112</u>	<u>109</u>

Provision for Impairment of Receivables

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

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

Refer to note 26 Financial Instruments for further details.

10. FINANCIAL ASSETS

Available-for-sale financial assets	<u>40</u>	<u>112</u>
Available-for-sale financial assets comprise:		
Listed investments, at fair value		
- Shares in listed corporations	<u>40</u>	<u>112</u>
Total available-for-sale financial assets	<u>40</u>	<u>112</u>

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

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	112	1,089
Additions		-
Disposals	-	(1,014)
Revaluation increments/(decrements)	<u>(72)</u>	<u>37</u>
Closing fair value	<u>40</u>	<u>112</u>

Refer to note 26 for further information on financial instruments.

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

		Percentage owned	
		2014	2013
Country of incorporation			
		%	%
11. CONTROLLED ENTITIES			
Subsidiaries of Ironbark Zinc Limited:			
Bedford (No 3) Ltd	British Virgin Islands	100	100
Ironbark Zinc Pty Ltd	Australia	100	100
Doctor Evil Pty Ltd	Australia	100	100
		2014	2013
		\$000	\$000
12. PLANT & EQUIPMENT			
Plant and equipment:			
At cost		126	123
Accumulated depreciation		(88)	(79)
Total plant and equipment		<u>38</u>	<u>44</u>
Reconciliations			Plant and equipment \$000
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:			
Consolidated Group:			
Balance at 1 July 2012			56
Additions			-
Depreciation expense			(12)
Balance at 30 June 2013			<u>44</u>
Additions			2
Depreciation expense			(8)
Balance at 30 June 2014			<u><u>38</u></u>
		2014	2013
		\$000	\$000
13. OTHER ASSETS			
<u>Current</u>			
Prepayments		<u>18</u>	<u>21</u>
		<u>18</u>	<u>21</u>
<u>Non-current</u>			
Rental bond		9	9
Environmental bond		58	60
Term deposit for credit card		<u>100</u>	<u>94</u>
		<u>167</u>	<u>163</u>
Total other assets		<u>185</u>	<u>184</u>

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

**14. EXPLORATION AND EVALUATION
EXPENDITURE**

	2014 \$000	2013 \$000
Exploration expenditure capitalised - exploration and evaluation	<u>88,570</u>	<u>90,699</u>
Movement in carrying value:		
Brought forward	90,699	89,268
Exploration expenditure capitalised during the year	1,271	1,608
Impairment on exploration expenditure	<u>(3,400)</u>	<u>(177)</u>
At reporting date	<u><u>88,570</u></u>	<u><u>90,699</u></u>

The value of the exploration expenditure is dependent upon:

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

During the 2014 year, the Company assessed its exploration assets on a project by project basis and impaired the value of its exploration expenditure to fair value when the facts and circumstances including the economic conditions were such that it considered it prudent and conservative to do so. The basis adopted for valuation was a fair value less selling costs resulting in a total impairment expense of \$3,399,996 being recognized within "exploration expenditure" in the statement of profit or loss and other comprehensive income. During the 2014 year, the Company assessed the carrying value of its exploration expenditure on the Citronen project based on facts and circumstances and in particular the completion of the feasibility study which provided a valuation of the project at greater than the current recorded book value of the asset. Refer to note 1a(v) for further details of the key assumptions and estimates used in the valuation.

15. INTERESTS IN JOINT OPERATIONS

The Company has a material joint operation Captains Flat tenement in Australia. The Company has a 37.5% share in the tenement lease which is jointly owned with NSW Base Metals Pty Ltd ("NSW Base Metals") and Rutila Resources Limited ("Rutila") which has a 37.5% and 25% interest respectively. The Company has classified this as a joint arrangement because under the terms of the arrangement, Rutila, NSW Base Metals and the Company share the ownership of the asset. The tenements expenditure commitments are jointly funded by NSW Base Metals and the Company with Rutila having a financial free carry. At reporting date the net amount owed for joint expenditure commitments by the Company to NSW Base Metals was \$362,973.

16. TRADE AND OTHER PAYABLES

	2014 \$000	2013 \$000
Trade payables	8	2
Sundry payables and accrued expenses	<u>442</u>	<u>389</u>
	<u><u>450</u></u>	<u><u>391</u></u>

Refer to note 26 Financial Instruments for further details.

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

17. PROVISIONS

	2014 \$000	2013 \$000
<u>Employee benefits</u>		
Annual leave	75	86
Long service leave	93	107
	<u>168</u>	<u>193</u>
		Employee benefits \$000
Opening balance at 1 July 2013		193
Reduction of provision		<u>(25)</u>
Balance at 30 June 2014		<u>168</u>

18. ISSUED CAPITAL

	2014 \$000	2013 \$000
413,584,523 (2013: 368,392,667) fully paid ordinary shares	113,077	110,422
Less: capital raising costs	<u>(2,898)</u>	<u>(2,742)</u>
	<u>110,179</u>	<u>107,680</u>

	2014 No.	2013 No.
a. Ordinary shares		
At the beginning of reporting period	368,392,667	368,392,667
Shares issued during the year	45,191,856	-
At reporting date	<u>413,584,523</u>	<u>368,392,667</u>

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 the Company.

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.

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.

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

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

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

b. Options

There were no option issues to key management personnel during the financial year.

c. Capital Management

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

19. RESERVES

Option reserve

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

20. CAPITAL COMMITMENTS

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

	2014 \$000	2013 \$000
Capital expenditure commitments contracted for:		
Exploration and evaluation expenditure:		
payable within a year	150	179
Later than one year but no later than five years	63	-
	213	179

21. OPERATING SEGMENTS

Identification of reportable segments

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

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

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

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

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

	Australia	Greenland	Total
	\$000	\$000	\$000
(i) Segment performance			
For the year ended 30 June 2014			
Revenue			
<u>Unallocated items:</u>			
Interest revenue			82
Cost recoveries			169
Other revenue			-
Total segment revenue			<u>251</u>
 <i>Reconciliation of segment result to group</i>			
<i>net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
Exploration expenditure written off	(2,096)	(1,304)	(3,400)
<u>Unallocated items:</u>			
Other expenses			<u>(1,515)</u>
Net loss before tax			<u>(4,664)</u>
 (ii) Segment assets			
As at 30 June 2014			
Segment assets at 1 July 2013	2,427	88,272	90,699
Segment asset increase/(decrease) for the period:			
Exploration expenditure	<u>(1,657)</u>	<u>(472)</u>	<u>(2,129)</u>
	<u>770</u>	<u>87,800</u>	<u>88,570</u>
 <i>Reconciliation of segment assets to group assets</i>			
<u>Unallocated assets:</u>			
Cash and cash equivalents			2,194
Plant and equipment			38
Financial assets			40
Other assets			<u>297</u>
Total group assets			<u>91,139</u>
 (iii) Segment liabilities			
As at 30 June 2014			
Reconciliation of segment liabilities to group liabilities			
Other liabilities	<u>334</u>	<u>5</u>	<u>339</u>
	<u>334</u>	<u>5</u>	<u>339</u>
<u>Unallocated Items:</u>			
Other liabilities			<u>279</u>
Total group liabilities			<u>618</u>

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

	Australia	Greenland	Total
	\$000	\$000	\$000
(iv) Segment performance			
For the year ended 30 June 2013			
Revenue			
Other revenue	15	-	15
	<u>15</u>	<u>-</u>	<u>15</u>
<u>Unallocated items:</u>			
Interest revenue			147
Cost recoveries			<u>223</u>
Total segment revenue			<u>385</u>
 <i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
Exploration expenditure written off	(171)	(6)	(177)
<u>Unallocated items:</u>			
Other expenses			<u>(2,289)</u>
Net loss before tax			<u>(2,081)</u>
 (v) Segment assets			
As at 30 June 2013			
Segment assets at 1 July 2012	2,288	86,980	89,268
Segment asset increase for the period:			
Exploration expenditure	139	1,292	1,431
	<u>2,427</u>	<u>88,272</u>	<u>90,699</u>
 <i>Reconciliation of segment assets to group assets</i>			
<u>Unallocated assets:</u>			
Cash and cash equivalents			2,122
Plant and equipment			44
Financial assets			112
Other assets			<u>293</u>
Total group assets			<u>93,270</u>
 (vi) Segment liabilities			
As at 30 June 2013			
<u>Unallocated items:</u>			
Other liabilities	-	14	14
	<u>-</u>	<u>14</u>	<u>14</u>
<i>Reconciliation of segment liabilities to group liabilities</i>			
<u>Unallocated items:</u>			
Other liabilities			<u>570</u>
Total group liabilities			<u>584</u>

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

Segment analysis by geographical region

	Non-current assets	
	2014	2013
	\$000	\$000
Australia	956	2,686
Greenland	87,859	88,332
	<u>88,815</u>	<u>91,018</u>

2014 **2013**
\$000 **\$000**

22. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss after income tax

Net loss for the year	(4,664)	(2,081)
Non cash flows in loss		
Depreciation	8	12
Net loss/(gain) on disposal of investments	-	100
Write off exploration expenditure	3,400	177
Equity based payments	366	37
Fair value movement available-for-sale financial assets	72	(37)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	(3)	114
(Increase)/decrease in prepayments	3	5
Increase/(decrease) in trade payables and accruals	(269)	268
Increase/(decrease) in provisions	(25)	111
Cash flow from operations	<u>(1,112)</u>	<u>(1,294)</u>

23. SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2014:

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

	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Issue to Directors	No 000	\$	No 000	\$
Outstanding at the beginning of the year	8,000	0.41	7,700	0.47
Granted	-	-	1,000	0.10
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(7,000)	0.45	(700)	0.66
Outstanding at year end	1,000	0.10	8,000	0.41
Exercisable at year end	1,000	0.10	8,000	0.41

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	No 000	\$	No 000	\$
Issue to staff				
Outstanding at the beginning of the year	3,050	0.43	3,050	0.43
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(3,050)	0.43	-	-
Outstanding at year end	-	-	3,050	0.43
Exercisable at year end	-	-	3,050	0.43
Issue to consultants				
Outstanding at the beginning of the year	5,000	0.30	5,000	0.30
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year end	5,000	0.30	5,000	0.30
Exercisable at year end	5,000	0.30	5,000	0.30

The options outstanding at 30 June 2014 had a weighted average exercise price of \$0.27 (2013: \$0.38) and a weighted average remaining contractual life of 3.33 years (2013: 1.9 years).

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

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Series	Number Granted No.	Number Vested No.	Grant Date	Expiry Date	Exercise Price \$	Fair Value at Grant Date \$
	000	000				
(i) Staff	2,050	2,050	17/11/2010	16/11/2013	0.45	0.123
(ii) Directors	7,000	7,000	17/11/2010	16/11/2013	0.45	0.123
(iii) Staff	500	500	17/11/2010	16/11/2013	0.35	0.139
(iv) Consultants	5,000	5,000	24/01/2012	31/12/2017	0.30	0.143
(v) Staff	500	500	24/01/2012	20/01/2015	0.45	-
(vi) Directors	1,000	1,000	26/11/2012	18/12/2016	0.10	0.0367
	<u>16,050</u>	<u>16,050</u>				

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

Details of factors used in the Black Scholes option valuation calculation for the options granted:

Inputs into the Model	Series (i)	Series (ii)	Series (iii)	Series (iv)	Series (vi)
Grant date share price	\$0.27	\$0.27	\$0.27	\$0.24	\$0.07
Exercise price	\$0.45	\$0.45	\$0.35	\$0.30	\$0.10
Expected volatility	85%	85%	85%	69%	80%
Option life	3 years	3 years	3 years	5 years	4 years
Risk-free interest rate	5.13%	5.13%	5.13%	3.57%	2.86%

24. RELATED PARTY DISCLOSURES

- i. The ultimate parent entity in the Group is Ironbark Zinc Limited.
- ii. No amounts in addition to those disclosed in the Remuneration Report in the Directors' Report were paid or payable to Directors of the Company at the end of the year.
- iii. There were no loans to key management personnel at the end of the year.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Related entity receivables

The Company charged Corazon Mining Limited ("Corazon") and Plymouth Minerals Limited ("Plymouth") for shared office and salary expenses. The total charged for the financial year ended 30 June 2014 was \$155,370 (2013:\$223,039). At reporting date the balance for outstanding receivables owing by both companies was \$5,880 and \$8,789 respectively.

Corazon and Plymouth are related parties due to Mr Downe's directorship interest in Corazon and Mr Byass's directorship interest in Plymouth.

Wholly owned group transactions/balances

The following intercompany loans were in existence at reporting date:

Loans provided from Parent entity

Dr Evil Pty Ltd	\$146,271
Ironbark Zinc Pty Ltd	\$25,458

All intercompany loans have been fully impaired at reporting date.

25. EVENTS AFTER THE REPORTING DATE

On 20 August 2014 the Company announced a placement of the Company's securities with professional investors to raise \$2,520,000. The placement was undertaken in one tranche of 28 million shares at 9 cents per share. The placement will fund the progress of the Citronen Zinc Project, exploration on Greenland and Australian base metal projects and general working capital.

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

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

26. FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

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

i. Treasury Risk Management

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

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

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

ii. Financial Risk Exposures and Management

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

Foreign currency risk

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Credit risk

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

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

Price risk

i. Commodity price risk

The Group is not directly exposed to commodity price risk. However, the Company has recently completed a feasibility study. There is a risk that the changes in prevailing market conditions and commodity prices could affect the viability of the project.

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

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

The Group holds the following financial instruments:

	2014 \$000	2013 \$000
Financial assets:		
Cash and cash equivalents	2,194	2,122
Receivables	112	109
Other assets	185	184
Available for sale financial assets	40	112
Total financial assets	<u>2,531</u>	<u>2,527</u>
Financial liabilities:		
Trade and sundry payables	450	391
Total financial liabilities	<u>450</u>	<u>391</u>
	<u>2,081</u>	<u>2,136</u>
Trade and sundry payables are expected to be paid as follows:		
Less than 1 month	<u>450</u>	<u>391</u>

iii. Fair value

Financial instruments

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

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

2014

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Ordinary shares	40	-	-	40
Total assets	<u>40</u>	<u>-</u>	<u>-</u>	<u>40</u>

2013

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Ordinary shares	112	-	-	112
Total assets	<u>112</u>	<u>-</u>	<u>-</u>	<u>112</u>

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Trade Receivables and Payables

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

v. Sensitivity analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

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

Interest Rate Sensitivity Analysis

At 30 June 2014, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2014 \$000	2013 \$000
Monetary items exposed to interest rate fluctuations at reporting date		
Cash and cash equivalents	1,701	2,095
Other assets	158	94
Trade and other creditors	(7)	-
	<u>1,852</u>	<u>2,189</u>

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

	2014 \$000	2013 \$000
Change in profit		
Increase in interest rate by 1% (100 basis points)	19	22
Decrease in interest rate by 1% (100 basis points)	(19)	(22)
Change in equity		
Increase in interest rate by 1% (100 basis points)	19	22
Decrease in interest rate by 1% (100 basis points)	(19)	(22)

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (cont)

Foreign Currency Risk Sensitivity Analysis

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

Consolidated	Assets		Liabilities	
	2014 \$000	2013 \$000	2014 \$	2013 \$
DKK	314	314	-	-

At 30 June 2014, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the Danish Kroner (DKK) with all other variables remaining constant is as follows:

	2014 \$000	2013 \$000
Change in profit		
Improvement in AUD to DKK by 10%	(6)	(5)
Decline in AUD to DKK by 10%	7	7
Change in equity		
Improvement in AUD to DKK by 10%	(6)	(5)
Decline in AUD to DKK by 10%	7	7

Price Risk Sensitivity Analysis

The majority of the Group's investments are publicly traded and are included in the ASX. The table below summarises the impact of increases/decreases of this index on the Group's post tax profit for the year and on equity. The analysis is based on the assumption that equity indexes had increased/decreased by 10% (2013: 10%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	2014 \$000	2013 \$000
Change in profit		
Increase in All Ordinaries Index by 10%	4	11
Decrease in All Ordinaries Index by 10%	(4)	(11)
Change in equity		
Increase in All Ordinaries Index 10%	4	11
Decrease in All Ordinaries Index by 10%	(4)	(11)

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

Interest Rate Risk Exposure Analysis

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing	
	2014 %	2013 %	2014 \$000	2013 \$000	2014 \$000	2013 \$000
FINANCIAL ASSETS						
Cash at bank & on hand	1.94%	2.71%	1,701	2,096	493	26
Receivables	-	-	-	-	112	109
Investments	-	-	-	-	40	112
Other assets	1.46%	2.11%	158	154	27	30
Total financial assets			1,859	2,250	672	277
FINANCIAL LIABILITIES						
Payables	0.26%	0.28%	8	9	442	382
Total financial liabilities			8	9	442	382

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

27. COMMITMENTS FOR EXPENDITURE

Operating leases

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

	2014 \$000	2013 \$000
Within a year	56	56
Later than one year but not later than five years	-	-
Later than five years	-	-
Commitments not recognized in the financial statements	56	56

The current lease on the premises at 350 Hay Street, Subiaco WA is for the period of 1 year commencing on 1 January 2014 and expiring on 31 December 2014. On renewal, the terms of the lease are renegotiated.

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

28. PARENT ENTITY DISCLOSURES

Financial position	2014 \$000	2013 \$000
Assets		
Current assets	2,324	2,252
Non-current assets	88,815	91,018
Total assets	91,139	93, 270
Liabilities		
Current liabilities	618	477
Non-current liabilities	-	107
Total liabilities	618	584
 Net assets	 90,521	 92,686
Equity		
Issued capital	110,179	107,680
Equity settled benefits	754	1,936
Accumulated losses	(20,412)	(16,930)
Total equity	90,521	92,686
 Financial performance		
Loss for the year	(4,664)	(2, 157)
Other comprehensive income/(loss)	-	-
Total comprehensive loss	(4,664)	(2,157)

29. DIVIDENDS

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

30. CONTINGENT ASSETS AND LIABILITIES

The Company is unaware of any contingent assets or liabilities that may have a material impact on the Company's financial position, other than the business lending bank guarantees of \$19,638.

31. CONVERTIBLE NOTE FUNDING FACILITY

During the 2012 financial year, the Company entered into a US\$50 million Convertible Note funding facility and offtake facility pursuant to a transaction with a wholly owned subsidiary of Glencore International AG ('Glencore'). The Convertible Note is at a conversion price of AUD\$0.42 for the first US\$30 million (at Ironbark or Glencore's election to convert) and AUD\$0.50 for the next US\$20 million (at Glencore's election to convert). The funding of the facility is subject to the completion of certain conditions. As at 30 June 2014, the Company has not fulfilled all the conditions of the agreement and has not issued the Convertible Note.

**NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (cont)**

32. COMPANY DETAILS

The registered office and principal place of business is:

Ironbark Zinc Limited
Level 1
350 Hay Street
SUBIACO WA 6008

DIRECTOR'S DECLARATION

The Directors of the Company declare that:

The financial statements, notes and additional disclosures included in the Directors' report and designated as audited, are in accordance with the *Corporations Act 2001* and:

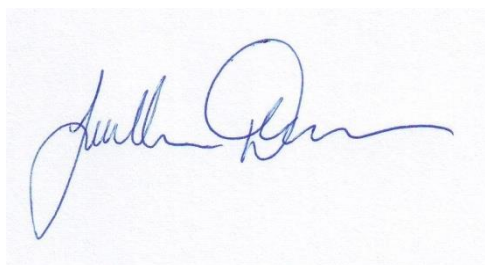
- a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Consolidated Entity and Company;
- c) the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statement.

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

- a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
- b) the financial statements and notes for the financial year comply with the Australian Accounting Standards and Interpretations; and
- c) the financial statements and notes for the financial year give a true and fair view;

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

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



Jonathan Downes
Managing Director

Dated this day 23 September 2014

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF

IRONBARK ZINC LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Ironbark Zinc Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Ironbark Zinc Limited (the company) and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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Independence

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

Opinion

In our opinion:

- (a) the financial report of Ironbark Zinc Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Ironbark Zinc Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.



PKF MACK & CO



SHANE CROSS
PARTNER

23 SEPTEMBER 2014
WEST PERTH,
WESTERN AUSTRALIA

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

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

Ordinary share capital

413,584,523 fully paid shares are held by 1,694 individual shareholders as at 15 September 2014.

There were no shareholdings held in less than marketable parcels.

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

Options

6,000,000 options are held by 2 individual option holders.

Options do not carry a right to vote.

Distribution of holders of equity securities

Category (size of holding)

	Number	
	Fully paid ordinary shares	Options
1 – 1,000	120	-
1,001 – 5,000	197	-
5,001 – 10,000	203	-
10,001 – 100,000	782	-
100,001 – and over	392	2
	1,694	2

Substantial shareholders

	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
NYRSTAR INTNL BV	97,690,702	22.12%
SINGPAC INV HLDG PTE LTD	29,610,593	6.71%

Largest shareholders — ordinary shares

A record of the 20 largest shareholders as at 15 September 2014 is as follows:-

Ordinary shareholders	Number of Ordinary Fully Paid Shares Held	% Held of Issued Capital
1 NYRSTAR INTNL BV	97,690,702	22.12%
2 SINGPAC INV HLDG PTE LTD	29,610,593	6.71%
3 CITICORP NOM PL	28,260,635	6.40%
4 NATIONAL NOM LTD	12,577,337	2.85%
5 SINGPAC INV HLDG PTE LTD	12,500,000	2.83%
6 RAMCO INV PL	10,800,000	2.45%
7 VALIANT EQUITY MGNT PL	9,517,500	2.16%
8 HSBC CUSTODY NOM AUST LTD	7,963,592	1.80%
9 HSBC CUSTODY NOM AUST LTD	7,898,361	1.79%
10 J P MORGAN NOM AUST LTD	6,284,691	1.42%
11 BEDFORD RES HLDGS LTD	4,000,000	0.91%
12 BEDFORD RES HLDGS LTD	3,500,000	0.79%
13 DOWNES JONATHAN CHARLES	3,036,296	0.69%
14 LUJETA PL	3,000,000	0.68%
15 KIMBRIKI NOM PL	3,000,000	0.68%

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (Cont.)

16	ADMAN LANES PL	3,000,000	0.68%
17	DOWNES JONATHAN C + K P	2,958,704	0.67%
18	SINCERE LIBERTY FINANCE L	2,800,000	0.63%
19	LALOR BRADLEY JOHN	2,771,920	0.63%
20	DOWNES KATRINA	2,500,000	0.57%
TOP 20 TOTAL		253,670,331	57%

Unquoted equity security holdings greater than 20%

	Number of Options Held	% Held of Options in an unquoted class
Option exercised at \$0.10, expire at 18/12/2016		
1. G Comb	1,000,000	100%
Option exercised at \$0.30, expire at 31/12/2017		
1. BW Equities Pty Ltd	5,000,000	100%

Company Secretary

Mr Robert Orr

Principal registered office

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

Share Registry

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

SCHEDULE OF INTERESTS IN MINING TENEMENTS

	Project	Tenement Number	Location of tenements	% of interest
1	Belara	EL6576	New South Wales	100%
2	Captains Flat (In Joint Venture with Glencore)	EL6381	New South Wales	37.50%
3	Fiery Creek	EL6925	New South Wales	100%
4	Citronen	2007/02, 2007/31, 2010/47, 2011/33	Greenland	100%
5	Mestersvig	2007/32, 2011/28	Greenland	100%
6	Washington Land	2007/33, 2011/32	Greenland	100%

Ironbarks Mineral Resources and Reserves (MROR) Statement

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

Using Ordinary Kriging interpolation and reported at a 3.5% Zn cut-off

Within a larger resource of:

JORC Compliant				
Resource Category	Mt	Zn %	Pb %	Zn+Pb%
Measured	43.1	4.2	0.5	4.7
Indicated	51.2	4.2	0.4	4.7
Inferred	37.7	3.8	0.4	4.2
Total	132.0	4.0	0.4	4.5

Using Ordinary Kriging interpolation and reported at a 2.0% Zn cut-off

JORC Code Compliance Statement

Some of the information contained in this statement is historic data that have not been updated to comply with the 2012 JORC Code. The information referred to in the statement was prepared and first disclosed under the JORC 2004 edition. It has not been updated since to comply with the JORC Code 2012 edition on the basis that the information has not materially changed since it was last reported.

Competent Persons Statement

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

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (Cont.)

Competent Persons Disclosure

Mr A Byass is an employee of Ironbark Zinc Limited and currently holds securities in the company.

This information is taken from the Ravensgate Resource Report dated December 2011 (Hyland and Maclean) which provides full details on the data collection, interpolation and estimation parameters used in the calculation of this statement.

There was no change to the MROR in the year ended 30 June 2014 and therefore no requirement to comment on the nature and cause of any change.

A review of factors was conducted which may affect the MROR. These examined if there had been material changes in;

- Sovereign risk,
- Commodity prices
- Processing or metallurgical understanding
- Environmental or mineability setting
- Standing of consultants/contractors/technology used in estimation process.

No material or adverse changes were noted in any of the above factors. There was no requirement to revisit the estimation of the resource and the publication of the MROR. Details of the resource reports for Citronen were published on the ASX on the 22 December 2010 and updated on the 9 January 2012. The most recent resource report for Citronen was compiled by Ravensgate Consultants by S.Hyland and D.Maclean in December 2011.

Summary of governance and controls

Ironbark employs professional technical personnel who oversee exploration and data gathering on site. These personnel are also involved with assisting independent consultants and contractors used in the data gathering and estimation processes which produce the MROR Statement.

Ironbark employs qualified geoscientists (geologists) registered with relevant national professional bodies to conduct work required with the preparation and publication of MROR statements. Independent contractors and consultants are used in the calculation of mineral resources. Work is also conducted by different organisations and results have historically been compared as checks on publicly reported information. Internal controls ensure that multiple geologists are involved in the planning, implementation, data gathering, interpretation of results. Sample data is checked on site using portable assay equipment and then despatched to independent certified assay laboratories for assaying. Data was compiled and QA/QC checks completed by database administration consultants. All data gathering is done using standard and acceptable industry practices. Resource estimation is conducted using external consultants and contractors who have been present on site during periods of exploration and have witnessed internal practices and procedures. Resource estimates are then reported when they are confirmed by the Competent Person (Ironbark staff member) and released. This is considered acceptable and industry standard practice. Whilst there has been no material change to the data used, or result of resource estimation which require Ironbark to change from reporting under the JORC 2004 code, Ironbark will update the resource in 2014 to comply with changes introduced in December 2013 (JORC 2012) so as to continue adhering to industry standard and best practice.

CORPORATE GOVERNANCE

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

Principle 1 : Lay solid foundations for management and oversight

Comply

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

Yes

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

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

The key responsibilities of the board include:

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

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

Yes

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

CORPORATE GOVERNANCE (Cont.)

Principle 2 : Structure the board to add value**Comply**

- 2.1 A majority of the board should be independent directors.

No

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

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

The independent directors are:

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

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

- 2.2 The Chair should be an independent director.

Yes

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

- 2.3 The roles of Chair and Chief Executive Officer should not be exercised by the same individual.

Yes

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

- 2.4 The Board should establish a nomination committee.

No

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

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

Yes

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

Principle 3 : Promote ethical and responsible decision-making

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

Yes

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

- 3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy.

No

The Company does not have a formal policy concerning diversity. Given the small size of the Company workforce, the Board has determined that it is not currently practicable to implement a policy concerning diversity. The Board will further consider the establishment of a diversity policy as the Company grows.

CORPORATE GOVERNANCE (Cont.)

Principle 3 : Promote ethical and responsible decision-making (Cont.) **Comply**

3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them. N/A

3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board. Yes

The Company currently has 33% female employees in the Company and has 1 female in a senior geological position. The Company currently has no female on the Board.

3.5 Companies should provide an explanation of any departures from Recommendations 3.1 to 3.5 in the corporate governance statement in the annual report. Yes

Refer comments on 3.2.

Principle 4 : Safeguard integrity in financial reporting **Comply**

4.1 The Board should establish an audit committee. Yes

The Consolidated Entity has established an Audit Committee.

4.2 The audit committee should be structured so that it: No

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

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

- *Jonathan Downes – Executive Managing Director*
- *David Kelly - Non Executive Director*

The independent directors are:

- *Peter Bennetto – Non Executive Chairman*

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

4.3 The audit committee should have a formal charter. Yes

The Consolidated Entity has a formal charter for the audit Committee.

CORPORATE GOVERNANCE (Cont.)

Principal 5 : Make timely and balanced disclosure

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

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

Principal 6 : Respect the rights of shareholders

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

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

Principal 7 : Recognize and manage risk

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

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

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

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

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

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

CORPORATE GOVERNANCE (Cont.)

Principal 8 : Remunerate fairly and responsibly**Comply**

8.1 The Board should establish a remuneration committee.

Yes

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

8.2 The remuneration committee should be structured so that it:

No

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

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

- *Jonathan Downes – Executive Managing Director*
- *David Kelly - Non Executive Director*

The independent directors are:

- *Peter Bennetto – Non Executive Chairman*

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

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

Yes

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