

**IRONBARK ZINC LIMITED
A.B.N. 93 118 751 027
AND ITS CONTROLLED ENTITIES**

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2010

IRONBARK ZINC LIMITED
A.B.N. 93 118 751 027
AND CONTROLLED ENTITIES

31 DECEMBER 2010

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Ironbark Zinc Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**IRONBARK ZINC LIMITED
A.B.N. 93 118 751 027
AND CONTROLLED ENTITIES**

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

Greg McMillan

COMPANY SECRETARY

Robert Orr

PRINCIPAL & REGISTERED OFFICE

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SUBIACO WA 6008

Telephone: (08) 6461 6350

Facsimile: (08) 6210 1872

AUDITORS

Mack & Co

Level 2, 35 Havelock Street

WEST PERTH WA 6005

SHARE REGISTER

Security Transfer Registrars Pty Ltd

770 Canning Hwy

APPLECROSS WA 6153

Telephone: (08) 9315 2333

Facsimile: (08) 3915 2233

SECURITIES EXCHANGE LISTINGS

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Code: IBG

BANKERS

National Australia Bank

50 St Georges Terrace

PERTH WA 6000

WEBSITE

www.ironbark.gl

IRONBARK ZINC LIMITED
A.B.N. 93 118 751 027
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your Directors submit the financial report of the economic entity for the half year ended 31 December 2010.

DIRECTORS

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

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

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

PRINCIPAL ACTIVITIES

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

RESULT OF OPERATIONS

The Directors of Ironbark Zinc Limited advise the consolidated loss of the Consolidated Entity after providing for income tax for the half year to 31 December 2010 is \$1,250,371 (2009: \$607,951).

REVIEW OF OPERATIONS

This report summarises activities conducted by Ironbark during the half year to 31 December 2010.

The focus of Ironbark has been directed towards the completion of the feasibility study for the Citronen base metal project. The majority of the site work was completed in this period as well as the drafting of the Environmental Impact Assessment and the Social Impact Assessment. The key sections of the feasibility study were completed. There was a delay in the calculation of an updated resource model which has subsequently resulted in a delay to the delivery of the mining schedule. The final results of the feasibility study will be released as soon as all the data has been collated and prepared.

During the reporting period Ironbark also released an increase in the resource estimate of 13% to 11.8 billion lb of contained zinc and lead with over 65% in the Measured and Indicated JORC category. Drilling also identified extensions to high grade mineralisation and returned results such as 16 metres @ 20.8% zinc and 7m @ 22.3% Zn. The drilling confidence from the high grade zone has not yet allowed the incorporation of the results in the resource estimate.

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DIRECTORS REPORT

REVIEW OF OPERATIONS (CONT)

Ironbark acquired a tenement adjacent to the Mestersvig licence expanding on the holding over the historic Blyklippen lead and zinc mine. The new license hosts several veins of high grade base metal mineralisation.

Drilling conducted in 1952 identified a system showing open ended high grade mineralisation with results such as 5.2m @ 18.6% Zn+Pb and 3.1m @ 23.1% Zn+Pb. Ironbark plans to conduct drilling at Mestersvig during 2011.

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

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

Competent Person Statement

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

**IRONBARK ZINC LIMITED
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DIRECTORS REPORT

DIVIDENDS

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

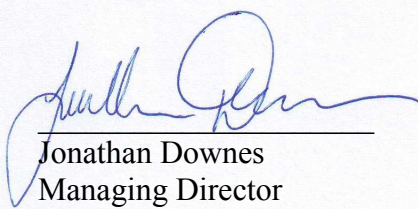
ROUNDING OFF OF AMOUNTS

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

AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half year ended 31 December 2010.

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



Jonathan Downes
Managing Director

Dated this 2 day of March 2011.


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**AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF IRONBARK ZINC LIMITED
AND CONTROLLED ENTITIES**

I declare that to the best of my knowledge and belief, during the half year ended 31 December 2010 there has been:

- a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.



MACK & CO



N A CALDER
PARTNER
WEST PERTH

DATE: 2 MARCH 2011

IRONBARK ZINC LIMITED
A.B.N. 93 118 751 027
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	31 December 2010 \$'000	31 December 2009 \$'000
Revenue	1,401	392
Consultancy expenses	(42)	(90)
Depreciation and amortisation expenses	(215)	(178)
Directors fees	(13)	(47)
Employee benefits expense	(1,537)	(358)
Insurance expenses	(44)	(21)
Exploration expenditure written off	(33)	-
Occupancy expenses	(113)	(89)
Regulatory expenses	(127)	(104)
Administrative expenses	(108)	(16)
Loss on disposal of financial asset	(173)	-
Share of net loss of associate	(247)	(97)
	(1,251)	(608)
Loss before income tax expense		
Income tax expense	-	-
	(1,251)	(608)
Loss for the period		
Other comprehensive income		
Net changes in fair value of available for sale financial assets	(569)	492
	(1,820)	(116)
Total comprehensive loss for the period		
Earnings per share		
Basic and diluted loss per share (cents) calculated on loss for the period	(0.38)	(0.28)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

IRONBARK ZINC LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	31 December 2010 \$'000	30 June 2010 \$'000
CURRENT ASSETS			
Cash and cash equivalents		18,227	16,859
Trade and other receivables		236	154
Other current assets		180	150
Income tax receivable		-	78
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		18,643	17,241
NON-CURRENT ASSETS			
Plant and equipment		2,624	2,829
Exploration and evaluation expenditure	9	131,363	122,142
Investments accounted for using the equity method		306	553
Financial assets		-	1,110
		<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS		134,293	126,634
		<hr/>	<hr/>
TOTAL ASSETS		152,936	143,875
CURRENT LIABILITIES			
Trade and other payables		613	1,512
Provisions		79	60
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		692	1,572
NON-CURRENT LIABILITIES			
Deferred tax liabilities		-	311
		<hr/>	<hr/>
TOTAL NON-CURRENT LIABILITIES		-	311
		<hr/>	<hr/>
TOTAL LIABILITIES		692	1,883
		<hr/>	<hr/>
NET ASSETS		152,244	141,992
EQUITY			
Issued capital	8	107,680	96,791
Reserves		49,374	48,760
Accumulated losses		(4,810)	(3,559)
		<hr/>	<hr/>
TOTAL EQUITY		152,244	141,992
		<hr/>	<hr/>

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

IRONBARK ZINC LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Issued Capital \$'000	Accumulated Losses \$'000	Revaluation Reserve \$'000	Option Reserves \$'000	Total \$'000
Balance at 1 July 2009	74,165	(3,182)	750	48,612	120,345
Loss for the period	-	(608)	-	-	(608)
Loss on available-for-sale instruments	-	-	492	-	492
Total comprehensive income for the period	-	(608)	492	-	(116)
<i>Transactions with owners, recorded directly in equity</i>					
Issue of share capital	6,606	-	-	-	6,606
Transaction costs	(19)	-	-	-	(19)
Equity compensation benefit	-	-	-	28	28
Balance at 31 December 2009	80,752	(3,790)	1,242	48,640	126,844
Balance at 1 July 2010	96,791	(3,559)	569	48,191	141,992
Loss for the period	-	(1,251)	-	-	(1,251)
Asset revaluation reserve	-	-	(569)	-	(569)
Total comprehensive income for the period	-	(1,251)	(569)	-	(1,820)
<i>Transactions with owners, recorded directly in equity</i>					
Issue of share capital	11,520	-	-	-	11,520
Transaction costs	(631)	-	-	-	(631)
Equity compensation benefit	-	-	-	1,183	1,183
Balance at 31 December 2010	107,680	(4,810)	-	49,374	152,244

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

IRONBARK ZINC LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	31 December 2010 \$'000	31 December 2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(856)	(628)
Interest received	275	101
Research and development rebate	78	-
	<hr/>	<hr/>
Net cash used in operating activities	(503)	(527)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(11)	(324)
Payments for exploration and evaluation	(9,934)	(1,618)
Proceeds from sale of investments	927	1,091
	<hr/>	<hr/>
Net cash used in investing activities	(9,018)	(851)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	11,520	6,606
Payments for cost of issue of shares	(631)	(19)
	<hr/>	<hr/>
Net cash from financing activities	10,889	6,587
Net increase/(decrease) in cash and cash equivalents	1,368	5,209
Cash and cash equivalents at the beginning of the period	16,859	4,251
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	18,227	9,460

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

IRONBARK ZINC LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 1: BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

Statement of Compliance

Ironbark Zinc Limited is a public company, limited by shares, domiciled and incorporated in Australia and listed on the Australian Securities Exchange. The consolidated interim financial report of the company for the six months ended 31 December 2010, comprise the Company and its subsidiaries (the “consolidated entity”).

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

The half year report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Ironbark Zinc Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

These consolidated interim financial statements were approved by the Board of Directors on 21 February 2011.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company’s 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. Those accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The adoption of these amendments has not resulted in any changes to the consolidated entity’s accounting policies and has no effect on the amounts reported for current and prior periods.

IRONBARK ZINC LIMITED
A.B.N. 93 118 751 027
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 1: BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT (CONT)

Going Concern Basis

The financial statements have been prepared on the going concern basis. As at 31 December 2010 the Consolidated Entity had net assets of \$152,243,783 (30 June 2010: \$141,992,005) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2010 the Consolidated Entity had \$18,226,745 (30 June 2010: \$16,858,873) in cash and cash equivalents.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future.

At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount in the financial report. Accordingly there has been no adjustment in the financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the Consolidated Entity be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the Consolidated Entity not continue as a going concern.

Significant accounting estimates, judgments and assumptions

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

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

(i) Share based payment transactions

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

(ii) Income tax expenses

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 1: BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT (CONT)

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

The ultimate recoupment of the value of exploration and evaluation assets, the company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

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

The key areas of judgement and estimation include:

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

(iv) *Classification of investments*

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

(v) *Project valuation*

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

NOTE 2: SEGMENT INFORMATION

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

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 2: SEGMENT INFORMATION (CONT)

	Australia	Greenland	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000
For the period ended 31 December 2010				
Revenue	-	-	1,401	1,401
Total segment revenue	-	-	1,401	1,401
Segment net operating profit after tax	(33)	(207)	(1,011)	(1,251)
Interest revenue	-	-	301	301
Depreciation	-	(207)	(8)	(215)
Equity compensation benefits	-	-	(1,183)	(1,183)
As at 31 December 2010				
Segment assets	1,517	132,403	19,016	152,936
Segment Liabilities	-	-	692	692
	Australia	Greenland	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000
For the period ended 31 December 2009				
Revenue	-	-	392	392
Total segment revenue	-	-	392	392
Segment net operating profit after tax	-	(175)	(433)	(608)
Interest revenue	-	-	101	101
Depreciation	-	(175)	(3)	(178)
Equity compensation benefits	-	-	(29)	(29)
As at 30 June 2010				
Segment assets	1,472	123,434	18,969	143,875
Segment Liabilities	-	-	1,883	1,883

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 3: CONTINGENT LIABILITIES

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

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

On 14 January 2011, the Company ceased to be a substantial shareholder of Waratah Gold Limited as a result of the sale of 4,000,000 shares for \$2,200,000.

Apart from the above, no matter or circumstance has arisen subsequent to 31 December 2010 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting Consolidated Entity in future financial periods.

NOTE 5: DIVIDENDS

No dividends have been declared or paid during the half year ended 31 December 2010.

NOTE 6: CAPITAL COMMITMENTS

In order to maintain current rights of tenure to mining tenements, the Consolidated Entity has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to recognition upon expiry of the leases, are not provided for in the financial statements and are payable:

	\$'000
Exploration and evaluation expenditure payable not later than 12 months	3,600

If the Consolidated Entity decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

NOTE 7: KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, during the interim period, 8,250,000 options with a weighted average exercise price of \$0.44 and a contractual life of 3 years, valued at \$1,022,750 were issued to the Directors and Executives.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	31 December 2010 \$'000	30 June 2010 \$'000
NOTE 8: CONTRIBUTED EQUITY		
(a) Issued and fully paid shares		
Fully paid ordinary shares	110,422	98,902
Less: capital issue costs net of tax	<u>(2,742)</u>	<u>(2,111)</u>
	<u>107,680</u>	<u>96,791</u>
 (b) Movements in issued and fully paid shares		
	Number of shares	\$'000
Balance at the beginning of the period	320,392,667	96,791
Shares issued	48,000,000	11,520
Less: capital issue costs	<u>-</u>	<u>(631)</u>
Balance at the end of the period	<u>368,392,667</u>	<u>107,680</u>
	31 December 2010 \$'000	30 June 2010 \$'000

NOTE 9: EXPLORATION EXPENDITURE

Balance at the beginning of the period	122,142	111,798
Exploration expenditure capitalised during the year	9,254	10,344
Impairment of exploration expenditure	<u>(33)</u>	<u>-</u>
Balance at the end of the period	<u>131,363</u>	<u>122,142</u>

The value of the exploration expenditure is dependent upon:

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

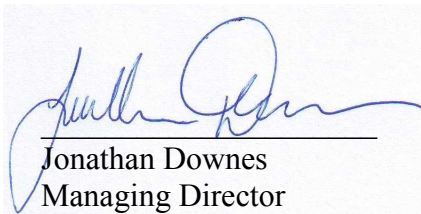
IRONBARK ZINC LIMITED
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DIRECTORS' DECLARATION

The Directors of the Company declare that:-

1. The financial statements and notes, as set out on pages 6 to 15 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, and Corporation Regulations 2001; and
 - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date; and
 - (c) the half year financial statements are compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Jonathan Downes
Managing Director

Dated this 2 day of March 2011.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
IRONBARK ZINC LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ironbark Zinc Ltd and controlled entities (the consolidated entity) which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2010, or during the half year.

Director's Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporation Regulations 2001*. As the auditor of Ironbark Zinc Ltd and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors' of the company a written auditor's independence declaration.


Basis for Qualified Conclusion

Given the remote location of plant and equipment, and the prohibitive costs that would be incurred, it is impracticable for us to verify the existence and condition of these assets. Had we been able to verify their existence and condition, matters may have come to our attention indicating that adjustments might be necessary to the half year financial report.


Qualified Conclusion

Except for the adjustments to the half year financial report that we might have become aware of had it not been for the situation described above, based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Ironbark Zinc Limited and controlled entities is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair value of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date, and
- Complying with AASB 134: Interim Financial Reporting,, and the *Corporations Regulations 2001*.



MACK & CO



N A CALDER
PARTNER
WEST PERTH

DATE: 2 MARCH 2011