

28 July 2017

## Company Announcements

Australian Securities Exchange Limited  
Level 40, Central Park,  
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PERTH WA 6000

# QUARTERLY ACTIVITIES REPORT PERIOD ENDING 30 JUNE 2017

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Ironbark Zinc Limited (ASX: IBG) (“Ironbark” or “the Company”) hereby reports on its activities for the period ending 30 June 2017 in which the Company remained focused on the advancement of the wholly owned Citronen Base Metals Project (“Citronen”) in Greenland into production.

Citronen represents one of the largest undeveloped zinc resources in the world with a granted Mining Licence located in a mining supportive and low sovereign risk environment. The Citronen Project is currently moving towards development funding. We consider that the robust Citronen deposit remains open to further mineralisation in many directions and that Ironbark is peerless on the ASX.

As our stakeholders will be aware, Ironbark was required to complete a feasibility study before it was able to lodge the application for a Mining Licence. The Mining Licence was recently granted but has taken longer than initially anticipated to finalise and Ironbark is now working on updating the costs relating to the Feasibility Study. A current Feasibility Study is required to conclude financing activities. Ironbark appointed CPC Project Design (CPC), an Australian engineering contracting group to both assist Ironbark working with China Nonferrous Metal Industry’s Foreign Engineering and Construction Co., Ltd (“NFC”) on the Citronen project and also to update the Feasibility Study in a traditional Western format. This updated document is expected to be completed in late August, 2017.

### During the quarter:

- Progressed with NFC to provide a capital and operating cost update to the feasibility study and advance the project towards financing and construction. A large proportion of the work has been completed.
- Continued discussions with banks and banking advisors to pursue alternative funding pathways
- Zinc stockpiles continue to fall and the zinc price remains at very strong levels

## Development Activities

Ironbark is working with NFC under an agreement to:

- Incorporate current Chinese equipment and construction costs into the Citronen Feasibility Study
- Prepare a project study report in compliance with the financing requirement of China's banks
- Ensure the technical criteria is in compliance with local laws, regulations, standards and codes in Greenland and China
- Assist Ironbark in securing Chinese project debt financing for the development of Citronen under the terms of the earlier Memorandum of Understanding

Ironbark is working towards advancing the financing and development of Citronen as it progresses to become one of the world's largest zinc mining companies. Ironbark selected NFC as providing the most technically capable, rapid and competitive construction engineers to deliver a turnkey, fixed price EPC solution to developing and commissioning Citronen. Moving beyond the existing Memorandum of Understanding with NFC, Ironbark will see the Citronen Feasibility Study updated and tailored to meet the Chinese banking requirements that will target 70% debt financing and provide NFC with an option to acquire up to 19.9% of the Citronen project. Recently discussions have included exploring options for even higher levels of financing from China.

During the quarter NFC made excellent progress towards the review, re-costing and preparation of the Feasibility Study report into a Chinese format that is "in compliance with the approval by the Chinese Government and the financing requirements by the Chinese banking sector". Work completed includes an independent resource estimation, mining studies and process and flowsheet studies. As part of the review a further site visit is planned in early August with a delegation from NFC as well as the Greenland Minister for Mines, Mr. Múte Egede and the Deputy Minister for Mines, Mr. Jørgen Hammeken-Holm.

## Alternative Financing

In addition to progressing the financing plan through the NFC pathway, as discussed above, Ironbark continued planning and holding discussions with major international banking groups and corporate advisors to provide alternative financing options. The Citronen project location in Europe makes it a candidate for European Export Credit Agency (ECA) finance funding as well as traditional debt and equity financing options. These options will require the completion of the updated Feasibility costs before they can be advanced any further. Ironbark will provide further details surrounding this work in the near future.

## Zinc Market

***"Falling zinc warehouse stock levels are driving a strong zinc price providing Ironbark with exceptional leverage to a rallying zinc price"***

The price of zinc has remained exceptionally strong having risen by 60% last year and currently up a further 8% this calendar year.

Zinc, the fourth most mined metal by volume, is mostly used for galvanising steel, and has not run as hard this year as it did last year predominately based on mine shutdowns and depletion resulting in a metal deficit. The price of zinc had in fact fallen from its February high but has very recently enjoyed a rapid rebound. One explanation for this rapid recovery is the increase in London Metal Exchange (LME) cancelled warrants (zinc that is marked for delivery). LME zinc stocks are currently below 270,000 tonnes, see Figure 1, which is down by 37 percent and the cancelled warrants are currently almost 70 percent, which suggests market tightness. The Chinese Shanghai stockpiles are following the same trend and are lower by

approximately 50 percent. Interestingly lower Chinese treatment charges and better zinc payability terms being offered by the smelters also point to a market tightness. In addition to this, the International Lead and Zinc Study Group (ILZSG) observed that global zinc market deficit widened to 92,400 tonnes in April from a revised deficit of 72,700 tonnes in March. In the first four months of 2017, the zinc market was in a deficit of 112,000 tonnes versus a deficit of 20,000 tonnes in the same period last year.

It has been widely forecast that zinc prices may continue to trend upwards in the near future driven by increasing tightness in the concentrate market, following the recent closure of several major mines and healthy and growing zinc demand. This has been observed already with increasing Chinese refined metal imports. Overall tightness in the market and the major metal warehouses such as the London Metal Exchange (LME) and the Shanghai Exchange with regards to falling stocks are likely to be supportive and drive zinc prices even higher. In the context of Ironbark, this should prove to be a very supportive financing environment.



Figure 1: LME Zinc Warehouse Stock Level

#### Cash Position

The Company holds a cash position at the end of the June 2017 quarter of approximately \$2.4M with no debt. Strong cost saving measures remain in place.

**End.**

For further information please visit Ironbark's website [www.ironbark.gl](http://www.ironbark.gl) or contact us:

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**About Ironbark**

Ironbark is listed on the Australian Securities Exchange and is seeking to become a base metal mining house. Ironbark has an undrawn US\$50M funding facility provided by Glencore to expand its project base through acquisition.

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

The wholly owned Citronen base metal project currently hosts in excess of 13.1 Billion pounds of zinc (Zn) and lead (Pb). For full details refer to ASX announcement 25 November 2014 – Citronen Project Resource Update – JORC 2012 compliant resource. Ironbark is not aware of any new information or data that materially affects the information included in this ASX release, and Ironbark confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the resource estimates in this release continue to apply and have not materially changed.

The current JORC 2012 compliant resource for Citronen:

**70.8 million tonnes at 5.7% Zn + Pb**

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	4.9	0.4	5.3

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

Including a higher grade resource of:

**29.9 million tonnes at 7.1% Zn + Pb**

Category	Mt	Zn%	Pb%	Zn+Pb%
Measured	8.9	6.6	0.6	7.2
Indicated	13.7	6.8	0.5	7.3
Inferred	7.3	6.2	0.5	6.6

*Using Ordinary Kriging interpolation and reported at a 5.0% Zn cut-off*

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***“Ironbark is an emerging leader amongst Australia’s mineral resource companies, dedicated to the development of its major base metal mining operation in Greenland – the world class Citronen Project, and the acquisition of quality base metals projects.”***

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## **Disclosure Statements and Important Information**

### **Forward Looking Statements**

The following information is not intended to guide any investment decisions in Ironbark Zinc Limited. This material contains certain forecasts and forward-looking information, including possible or assumed future performance, costs, production levels or rates, reserves and resources, prices and valuations and industry growth and other trends. Such forecasts and information are not a guarantee of future performance and involve many risks and uncertainties, as well as other factors. Actual results and developments may differ materially from those implied or expressed by these statements and are dependent on a variety of factors. The Company believes that it has a reasonable basis for making the forward looking statements in the announcement, based on the information contained in this and previous ASX announcements.

The Citronen zinc project is considered to be at an early development stage and will require further regulatory approvals and securing of finance and there is no certainty that these will occur. Nothing in this material should be construed as either an offer to seek a solicitation or as an offer to buy or sell Ironbark securities. Consideration of the technical and financial factors requires skilled analysis and understanding of their context.

Ironbark is not aware of any new information or data that materially affects the information included in this ASX release, and Ironbark confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the estimates in this release continue to apply and have not materially changed

### **Competent Persons Statement**

The information included in this report that relates to Exploration Results & Mineral Resources is based on information compiled by Ms Laursen (B. ESc Hons (Geol), MSEG, MAIG), an employee of Ironbark Zinc Limited. Ms Laursen has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ms Laursen consents to the inclusion in the report of the matters based on this information in the form and context in which it appears

### **Competent Persons Disclosure**

Ms Laursen is an employee of Ironbark Zinc Limited and currently holds securities in the company.

**Schedule of Tenements (as required by ASX Listing Rule 5.3.3)**

<b>IRONBARK ZINC LIMITED CONSOLIDATED BASIS SCHEDULE OF INTERESTS IN MINING TENEMENTS</b>				
<b>Project</b>	<b>Mining tenements held</b>	<b>Location of tenements</b>	<b>Beneficial % interest at end of the quarter</b>	<b>Change in the quarter</b>
Captains Flat (Joint Venture with Glencore)	EL6381	New South Wales	50%	
Fiery Creek	EL6925 EL8107	New South Wales	100%	
Citronen	ML2016/30 EL2007/31 EL2010/47	Greenland	100%	
Mestersvig	EL2011/28 EL2007/32 EL2016/22	Greenland	100%	
Washington Land	EL2007/33	Greenland	100%	

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