

11 August 2022

Australian Securities Exchange Limited

Level 40, Central Park,

152-158 St Georges Terrace

PERTH WA 6000

Citronen Project & Financing Update

Ironbark Zinc Limited (“**Ironbark**”, “**the Company**” or “**IBG**”) is pleased to issue the following update on its project timeline and funding strategy for the Citronen Project.

Executive Summary

- US EXIM Bank 2022 site visit successfully completed in July 2022; major due diligence condition satisfied
- Principals from Norway based Arctic specialist LNS A/S – Ironbark’s prospective equity and operating partner at Citronen – also attended site along with EXIM
- Goal to achieve FID in 2022 now extended with Board considering additional pathways to realise value from Citronen
- Zinc continues to trade above Citronen BFS price despite substantial volatility in metal markets

Successful US EXIM Bank Site Visit

In July, Ironbark hosted EXIM’s representatives (RPM Global) on a site visit to the Citronen Project. As a project site visit had been flagged as a key milestone to be achieved prior to any final credit decision by the EXIM Board, it was of vital importance this visit occurred in the 2022 field season. In the coming months the focus will shift to the next milestone, a visit by RPM Global’s Social & Governance team to Greenland for in-country meetings with key government and community stakeholders (currently scheduled for the December quarter).

For personal use only



Figure 1 – Citronen Project Site Visit @ the core yard. Attendees from left to right include IBG Chairman Dr. Fred Hess, IBG Managing Director Mr. Michael Jardine, Mr. Richard Allan (Bacchus Capital), Mr. Terry Brown (RPM Global), Mr. Aaron Poole (RPM Global), Frank Van Der Stijl (Exploration Geologist, responsible for the maiden discovery at Citronen in the 1990s), Mr. Frode Nilsen (LNS) and Mr. Nigel Goldup (Tetra Tech).

Status of LNS A/S MOU

Ironbark's prospective equity and operating partner at the Citronen Project, LNS A/S, also participated in the site visit as part of their continuing due diligence process foreshadowed under the MOU signed in May 2022. The Project site visit also provided a firsthand opportunity for Ironbark to inspect the infrastructure and asset base that LNS operate in Longyearbyen, Svalbard (the closest port and airport to the Citronen Project). Given their successful and long-term track record in contract mining operations in Svalbard, in ground conditions very similar to Citronen Fjord, Ironbark's initial view that LNS could be a compelling partner to participate with Ironbark at Citronen was further strengthened in recent weeks.

Strategy Update and Revised Goals & Timelines

Since the management overhaul at Ironbark took place in late 2019, the Board has pursued a focussed strategy to grow stakeholder value by:

1. First updating the development plan with the publication of the revised BFS in July 2021;
2. Securing an initial cornerstone investor, in this case US EXIM Bank (culminating in the issuance of the Preliminary Project Letter in December 2021); and
3. Concurrently identifying and securing the necessary equity investment required to close an acceptable project financing package, allowing for a “Final Investment Decision” (FID) to be reached in 2022.

These processes have taken place in a very challenging macro environment for new project development with Covid related travel restrictions completely preventing access to Citronen project site from 2019 to 2022, heightened volatility in metal pricing throughout much of that period, and a significant sell off in global equities in 2022 in the face of multi-decade highs in global inflation and the Russian invasion of Ukraine.

Notwithstanding the significant progress at a project level and with US EXIM Bank on project debt, the Board of Ironbark believes it unrealistic to assume that the goal of reaching FID in 2022 will be achieved, and as a result, is now considering additional pathways to realise maximum value from the Citronen project.

Importantly:

- Post site visit, the Board has reaffirmed its belief that the Citronen Project is one of the most advanced undeveloped Zinc projects globally and the Project will remain at a state of high readiness for when market conditions for large, new greenfields projects improve. Citronen’s long mine life is underpinned by a substantial Ore Reserve (with excellent prospects to grow further), and the Project will use industry standard mining and processing methods to potentially deliver a high quality concentrate at a time downstream market demand is expected to be strong.
- Ironbark’s work with US EXIM Bank remains ongoing with both parties confirming their desire to continue working together post site visit. No guidance can be provided on specific milestones related to this process at the current time however much of the key financial and technical due diligence has now been completed or is nearing completion.
- Discussions with LNS A/S on partnering at Citronen Project are continuing as planned.

Ironbark Managing Director, Michael Jardine, commented:

“Today’s reset provides, I hope, welcome clarity for Ironbark shareholders.

“2022 has been a very tough market in which to advance a major equity raise for a large frontier project like Citronen. Despite the significant progress made with, and the support of, US EXIM Bank, we have nonetheless been obliged to now adjust our expectations with respect to reaching an FID milestone in 2022.

“We do however remain very bullish on Zinc’s long-term prospects as the world looks to a decarbonised future, and the role of Citronen Project to meaningfully supply into that market. There is much to be positive about with new growth markets quickly emerging in wind and solar on top of a well flagged reduction in supply from some of the world’s largest producing mines, let alone the lack of investment in new ones. This trend is extremely positive long term for Ironbark and as the necessary macro stability investors need for greenfield project developments returns, we intend on being ready.

“In the short term we will be evaluating additional strategies for bringing new investment in at a project level; the site visit highlighted that there is much that could be achieved in the field in the next year or two to further enhance the investment case. Substantial infill and regional exploration potential was highlighted by our geological consultants, as were opportunities to consider a modest early works program to enable smoother and longer field seasons. Also highlighted was the opportunity to consider alternative energy solutions for the on-site power grid. Ironbark has much to be positive about.”

Further Details

This notice is authorised to be issued by the Board. Please contact Managing Director, Mr. Michael Jardine, for any further inquiries on either mjardine@ironbark.gl or +61 424 615 047.