

# Shareholder Update

## NEWSLETTER

Issue 1 | December 2011

## From the Managing Director

It gives me great pleasure to bring you the first issue of Ironbark Zinc's Investor Update newsletter.

As part of our commitment to keep shareholders up to date with the progress of the company and our projects, we will be providing regular Investor Updates.

The first issue coincides with what has been a very exciting period of growth for the Company.

The recent announcement of our funding arrangement with Glencore will see Ironbark extremely well positioned for expansion, via the acquisition of quality base metals projects, to pursue our goal of building the Company into a significant base metals mining house.

This, along with the continued development of our main project, the Citronen Base Metals Project in Greenland, will be our core focus in 2012.

Citronen is one of the largest undeveloped zinc projects in the world, and we continue to make strong progress on our exploration and development plans for the project. We have completed another highly successful exploration season at Citronen, and are also in the process of finalising the definitive feasibility study at the project.

We recently released a detailed feasibility study update which outlined expected capital costs and operating cost for the project, among other key components. Corporately, Ironbark has entered into an MOU with major Chinese engineering group, NFC, and Arccon (WA) Pty Ltd to engineer, design, construct, test and commission the Citronen project.

And, closer to home, exploration programs have also been carried out at our Australian projects. I hope you enjoy this Investor Update.

Jonathan Downes  
Managing Director  
Ironbark Zinc

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## Investment Highlights

- Well-funded company with high calibre technical and corporate board and management.
- Lead project is the 100% owned Citronen Project, a globally significant base metal project in Greenland.
- Citronen hosts **>11 billion pounds of zinc and lead** and has a current JORC resource of **59.9 million tonnes at 5.9% zinc + lead**.
- Strong and supportive partners; Glencore International AG, Nyrstar NV and China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd (NFC).
- \$50M Funding Facility with Glencore to drive expansion plans.

***"Ironbark is a leading, emerging Australian mineral resources company focused on delivering shareholder value through the development of a major base metal mining operation in Greenland, and expansion through the acquisition of quality base metals projects."***

Ironbark Zinc  
Building a Base  
Metals Mining House



## Glencore partnership to drive expansion

**In October Ironbark released details of a US\$50 million funding facility with Glencore, at a significant premium to our prevailing share price, to fund the Company's growth acquisition strategy.**

The facility provides Ironbark with significant funding to pursue acquisition opportunities consistent with our strategy to become an international base metals company. It also further strengthens our strategic relationship with Glencore and secures favourable off-take and marketing arrangements for future production from Ironbark projects.

The funding is by way of a convertible note facility which will be provided in two tranches.

**Tranche 1:** US\$30 million may be converted into Ironbark shares at A\$0.42 per share at the election of either Glencore or Ironbark, and

**Tranche 2:** US\$20 million may be converted into Ironbark shares at A\$0.50 per share at the election of Glencore

Also, Ironbark has agreed offtake and marketing arrangements with Glencore for a portion of the Company's production. This includes production from the Citronen Base Metal Project in Greenland, and any production from an acquisition made by utilising the Funding Facility.

The Transaction is an exciting progression in the development of Ironbark. It will enable us to take advantage of considerable external growth opportunities that currently exist in the market and it also complements the work being undertaken at our flagship Citronen project to bring it in to production. The transaction is subject to shareholder approval which will be sought at a general meeting to be held on 20 December.

## MOU with China Nonferrous to advance Citronen Project

**Ironbark will work with NFC and its other MOU partner Arcon to establish the development program and associated costs for the delivery of the definitive feasibility study for Citronen.**

The MOU establishes the framework for formal agreements for; NFC to engineer, design, procure, supply, construct, test and commission the project on a full turnkey basis; NFC to facilitate funding of the project development costs from major Chinese banks; and NFC entering into an offtake agreement for the concentrate of the Project (or a portion thereof).

NFC (China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd) is one of China's leading construction and engineering groups, and is listed on the Shenzhen Stock Exchange and has a market capitalisation of \$3.4 Billion. It operates a wide range of mines and processing plants around the world. Arcon (WA) Pty Ltd, a subsidiary of ASX-listed Allmine Group Ltd, is a leading Perth-based design, engineering and construction group.

# 2011 Exploration Season delivers success

**Our recently completed field season in Greenland included drilling at Citronen, Mestersvig and Washington Land projects, and drilling was also carried out at our Australian projects.**

## **Citronen Base Metal Project**

Drilling at Citronen focused on resource definition and infill drilling at the Esum deposit, plus extension drilling around high-grade areas at the Beach zone. The program was designed to upgrade existing Inferred resources to the Indicated and Measured categories. Drilling was highly successful and defined a large, continuous high-grade zone of mineralisation extending for approximately 1 kilometre, with a highlight result of 3.7m @ 11.5% zinc + lead.

The extent of the Esum high grade zone is yet to be fully identified. Currently, a significant portion of Esum resources are in the Inferred category. The results of the 2011 drilling program are due to be released in the near future and are expected to deliver a resource upgrade at Esum.

## **Washington Land**

We recently reported high-grade zinc-lead-silver-barite mineralisation from our maiden drill program at Washington Land. A diamond drilling program was conducted to follow-up limited work done by a joint venture between Rio Tinto and Platinova AS, at the Cass prospect within the project in 1999.

All holes drilled in Ironbark's program (over a 2.7km strike) were mineralised and the results validate the project's potential to host a large scale base metal resource. Highlight results included; 3m @ 16.4% zinc + lead, 77 g/t silver (within 17m @ 4.1% zinc + lead, 23 g/t silver from 48m). Follow up drilling is planned for 2012. The Cass prospect is situated in the Franklinian Basin which also hosts the Citronen project and Polaris and Nanisivik's historic high-grade lead and zinc mines in Baffin Land, Canada.

## **Mestersvig Project**

Ironbark also recently reported high-grade base metal results from drilling at the Mestersvig project in eastern Greenland. Three diamond holes were drilled at the historic Blyklippen lead-zinc mine and another three at the Sortebjerg prospect. All holes intersected mineralisation, and results included; 1.1m @ 12.2% zinc + lead and 8.2 g/t silver from 263m at Blyklippen; and 2.5m @ 8.9% zinc + lead, 2 g/t silver and 1.0m @ 17.3% zinc + lead, 4 g/t silver at Sortebjerg.

The results confirm the continuation of high-grade mineralisation at depth below the Blyklippen mine and open ended mineralisation at the Sortebjerg regional prospect.



# Australian Projects

**Drilling programs also underway at Ironbark's Australian projects**

## **Peak View Project**

Drilling at the Company's 100% owned Peak View copper, lead, zinc, gold and silver project in the highly prospective Lachlan Fold Belt in New South Wales, commenced in August. An 11 hole-1700 metre program is planned, and is designed to follow up historic drilling at the project by Western Mining Corporation and determine the extent of mineralisation at depth and to the south.

## **Captains Flat Project**

Ironbark's joint venture partner, NSW Base Metals Pty Ltd (a subsidiary of Glencore International AG) reported encouraging base metals intersections from a diamond drill hole at the Jerangle Prospect, within the Captains Flat Base Metal Project. Significant results included; 43.3m @ 1.91% Zn, 0.31% Pb, 0.14% Cu and 3.8 ppm Ag (from 355.5m downhole), and high grade zones included; 2.2m @ 7.97% Zn and 4.4m @ 4.97% Zn (from 378.0 and 386.8m downhole respectively).

# Citronen Definitive Feasibility Study Update

**In October Ironbark released a comprehensive update on the Feasibility Study for the Citronen Project. The study is focused on developing Citronen into a large scale, long life base metal mining operation.**

The study is based on a 3 million tonne per annum mining operation to produce 175,000-275,000tpa of 55% zinc concentrate and 10,000-26,000tpa of 50% lead concentrate over a mine life of at least 13 years, with substantial potential for a much longer mine life.

Work at the project is ongoing and we aim to take advantage of a significant market opportunity, as many of the world's major zinc mines are coming towards the end of their mine life at a time where there are very few new large scale mines in the global pipeline.

Citronen is of few world class deposits wholly owned by a junior resource company and has long life-large tonnage resource base (of 60Mt at 6% zinc + lead) with a potential mineable mineral inventory of 50Mt.

The majority of the resource base is in the Measured and Indicated category and remains open to further mineralisation in most directions.

Projected Capital Costs are US\$502 million and opportunities for capital cost reductions have been identified, and the target Life of Mine average operating cost for Citronen is US\$57.87/t ore (net of by-product credits). Life of Mine Revenue may exceed US\$3.2 Billion.

Other findings of the Feasibility Study update included that the project will operate on an industry standard flowsheet which will result in recovery of 85% of zinc mined and around 60% of lead mined overall. Further testwork is ongoing. The project will deliver a clean and saleable concentrate product, of 55% zinc.

The project has low sovereign risk. Greenland has a supportive, pro-mining environment that operates under European law.

*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.*

## Capital Structure

ASX code	IBG
Ordinary shares on issue	368.39M
Options on issue	10.25M
Mkt Capitalisation (@ 24 Nov)	\$92.1M
Cash position (@ 30 Sep)	\$7.6M
52-week trading range (@ 24 Nov)	\$0.19 - \$0.34

## Board and Management

Peter Bennetto  
Non-Executive Chairman

Jonathan Downes  
Managing Director

Adrian Byass  
Executive Technical Director

Gregory Campbell  
Executive Director

John McConnell  
Non-Executive Director

David Kelly  
Non-Executive Director

Greg McMillan  
Non-Executive Director

Rob Orr  
Chief Financial Officer

### UPCOMING EVENTS:

**20 December**

**General Meeting**

*To secure shareholder approval for  
Glencore Funding Facility  
The Celtic Club, 48 Ord St  
West Perth*

## Building a Base Metals Mining House

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