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Company Announcements

Australian Securities Exchange Limited  
Exchange Plaza  
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PERTH WA 6000

## **IRONBARK SHAREHOLDERS APPROVE US\$50 MILLION FACILITY WITH GLENCORE TO FUND GROWTH ACQUISITION STRATEGY**

### ***Funding at a Significant Premium to Market***

- **US\$50 million funding facility with Glencore provides Ironbark with access to significant cash funding for Ironbark to pursue acquisition opportunities**
- **Facility places Ironbark in a very strong position to create a leading international base metals company at a time when the Company believes considerable acquisition opportunities exist**
- **Conversion price of A\$0.42 for the first US\$30 million (at Ironbark or Glencore's election to convert) and A\$0.50 for the next US\$20 million (at Glencore's election to convert) - a significant premium to Ironbark's recent share price**
- **Ironbark has agreed offtake and marketing arrangements with Glencore in respect of a portion of the Company's production, including from the Citronen Project and in respect of any production acquired through an acquisition utilising the Facility**
- **A proportion of the Citronen offtake has been preserved for future dealing with special consideration given to project partners such as China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd ("NFC")**

Ironbark Zinc Limited ("**Ironbark**") is pleased to announce that further to the ASX announcement dated 14 October 2011, Ironbark's shareholders have today approved a US\$50 million convertible note funding facility ("**Facility**") and offtake facility pursuant to a transaction ("**the Transaction**") with a wholly owned subsidiary of Glencore International AG ("**Glencore**").

The Transaction is an exciting progression in the development of Ironbark that complements the work Ironbark is undertaking to advance its flagship Citronen base metals project in Greenland to production. The Facility provided pursuant to the Transaction will place Ironbark in a very strong position to build a leading international

base metals company at a time when Ironbark believes considerable external growth opportunities exist.

The proposed strengthening of Ironbark's Board of Directors and support from major industry shareholders such as Glencore and Nyrstar N.V, and the technical expertise of project partner China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd ("NFC"), will provide the financial capacity and technical and commercial expertise to rapidly accelerate Ironbark's aspiration to build a leading international base metals company.

Commenting on the strong shareholder support for the Transaction, Ironbark Managing Director Jonathan Downes commented "I am delighted with the overwhelming support shown for the US\$50m funding Facility. The current challenging market conditions make this unique funding Facility very attractive, with conversion prices at 42 cents and 50 cents per share representing very attractive premiums to the current Ironbark share price. Our shareholders clearly understand that this is an important step for Ironbark in building a significant international base metals mining house which will complement the development of Ironbark's globally significant Citronen Project which is being progressed towards development in partnership with NFC."

Hartleys Limited is Ironbark's corporate advisor in respect of the Facility.

## **Background**

To advance Ironbark's growth strategy to become a leading international base metals company delivering significant shareholder benefits, Ironbark believes it is important to be supported by a strong shareholder base with supportive strategic partners. In this pursuit, Ironbark has continued to strengthen its relationship with one of its major shareholders, Glencore.

Glencore has a successful record of identifying, securing and funding base metal projects. The majority of Ironbark's Board is confident that the relationship with Glencore and the provision of the Facility by Glencore offers significant benefit to Ironbark and will assist Ironbark to maximise value from its current assets and secure new growth opportunities, consistent with its growth ambitions.

## **The Transaction – Key Terms**

Glencore will provide Ironbark with the Facility to acquire assets that are identified and agreed between Ironbark and Glencore (either project or company level acquisition(s)), and for working capital. Key details relating to the Transaction include:

- The Facility shall be provided in two tranches of convertible notes ("Convertible Notes") with minimum drawdown amounts of US\$5,000,000:
  - Tranche 1: US\$30,000,000 may be converted into Ironbark shares at the election of either Glencore or Ironbark at A\$0.42 per share; and
  - Tranche 2: US\$20,000,000 may be converted into Ironbark shares at the election of Glencore at A\$0.50 per share;

- Interest will accrue at an annualised rate of 5% + LIBOR (London Interbank Offered Rate, currently approximately ~0.85% for a 1 year term);
- Rights of conversion and redemption commence 18 months after date of issue, and the term of any notes is 4 years following the date of issue;
- Ironbark and Glencore shall enter into an offtake agreement for 35% of the production of concentrates from Ironbark's Citronen Project as of the date of the Facility. If any amount is drawn down pursuant to the Facility then the Glencore offtake will increase to 55% of Citronen's total offtake; and
- Ironbark will use best endeavours to allocate all offtake to Glencore of any base metals produced by Ironbark or any subsidiary of Ironbark and available for sale from the date of the Facility from assets owned by Ironbark at the date of such agreement (excluding Citronen) and from any assets acquired utilising funds from the Facility. In the event that production from any acquired asset is not available for offtake to Glencore then Ironbark shall pay Glencore a fee equal to 1% of the value of the non-available production.

## **Benefits of the Transaction**

### **Provides important funding for growth and diversification**

The Facility will provide Ironbark with access to considerable funding to pursue growth opportunities consistent with its strategy to become a leading international base metals company.

This may involve acquiring assets or companies that have base metal assets in jurisdictions where Ironbark does not currently operate, which would provide Ironbark with diversification by operation, commodity and geography. Ironbark considers that such diversification has the potential to deliver significant net benefits to Ironbark.

The timing of the Facility is particularly favourable for Ironbark, with global financial uncertainty resulting in growing opportunities for well-funded companies to expand through inorganic growth. The majority of the Board considers that the ability to offer significant cash consideration to secure base metal project(s) (which the Facility would allow Ironbark to do) is highly valuable in the present market.

The benefits of increased scale and project diversification as a result of successful acquisitions funded by the Facility may also result in Ironbark's cost of capital for future funding being improved.

### **Strengthens Ironbark's strategic relationship with Glencore**

The Transaction is expected to strengthen Ironbark's relationship with Glencore, a long-term partner. Glencore currently holds 11.974% of Ironbark shares.

### **Secures favourable offtake and marketing arrangements**

The Transaction secures favourable offtake arrangements with Glencore in respect of a portion of Ironbark's production from the Citronen Project and offtake or marketing

arrangements in respect of non-Citronen production (which includes any production capacity acquired, in whole or in part, with funds drawn down under the Facility). Securing offtake allocations to a counterparty of Glencore's standing provides increased certainty and credibility to the Citronen Project. Importantly, a proportion of the Citronen offtake has also been preserved by Ironbark for future dealing.

**The Convertible Notes convert to Ironbark Shares on favourable terms – at a significant premium to current Share price**

US\$30 million of the Convertible Notes are convertible into shares at A\$0.42 per share at the election of either the Company or Glencore, and an additional US\$20 million of the Convertible Notes are convertible into shares at A\$0.50 per share at the election of Glencore, both of which represent a premium to the Company's current share price.

**Potential for a strengthened Board**

If any Convertible Notes are issued, Glencore will have the right to request that the Company appoint to its Board at least three persons nominated by Glencore, such that those persons comprise one third of the aggregate number of Ironbark directors (excluding independent and non-executive directors). This has the potential to improve the capacity of Board by bringing a depth of experience in the financing, development and operation of major base metal assets.

**Results of Shareholder Meeting**

At the General Meeting of Ironbark shareholders held on 20 December 2011, all resolutions put to the meeting were passed unanimously by a show of hands.

In accordance with Section 251AA (2) of the Corporations Act 2001 the Company hereby provides the following information on proxy votes:

	<b>For</b>	<b>Against</b>	<b>Abstain</b>	<b>Discretionary</b>	<b>Total</b>
<b>Resolution 1</b> Approve Convertible Note with Glencore	84,624,050	10,750,731	141,801,295	833,145	238,009,221
<b>Resolution 2</b> Approve agreements with Glencore	86,981,235	8,393,546	141,801,295	833,145	238,009,221

**About Ironbark**

Ironbark is a well-funded company listed on the Australian Securities Exchange (ASX: IBG), focused on the development of its 100% owned Citronen Project, a globally significant base metal project in Greenland.

Ironbark seeks to build shareholder value through exploration and development of its projects and actively expanding the project base it controls, with a view to becoming a leading international base metal company. The management and Board of Ironbark have extensive technical and corporate experience in the minerals sector.

Ironbark is fortunate in having very strong and supportive partners in Nyrstar NV, Glencore International AG and China Nonferrous Metal Industry's Foreign Engineering and

Construction Co., Ltd (NFC). Citronen currently hosts in excess of 11 billion pounds of zinc (Zn) and lead (Pb). The current JORC compliant resource for Citronen:

**59.9 million tonnes at 5.9% zinc (Zn) + lead (Pb)**

Resource Category	Mt	Zn %	Pb %	Zn+Pb%
Measured	15.0	5.8	0.5	6.3
Indicated	19.3	5.1	0.6	5.7
Inferred	25.5	5.3	0.5	5.8
<b>Total</b>	<b>59.9</b>	<b>5.3</b>	<b>0.5</b>	<b>5.9</b>

*Using inverse distance squared (ID<sup>2</sup>) interpolation and reported at a 3.0% Zn cut-off*

within a larger global resource of:

Resource Category	Mt	Zn %	Pb %	Zn+Pb%
Measured	33.2	3.8	0.5	4.2
Indicated	52.2	3.7	0.5	4.2
Inferred	47.2	3.3	0.4	3.7
<b>Total</b>	<b>132.6</b>	<b>3.6</b>	<b>0.5</b>	<b>4.0</b>

*Using Ordinary Kriging interpolation and reported at a 2% Zn cut-off*

Ironbark is currently concluding a Feasibility Study for the Citronen project. The study is focused on developing a large scale, long life base metal mining operation, situated within the stability of a first world Government regime.

The Feasibility Study is based on a 3 million tonne per annum (tpa) mining operation to produce between 175,000 and 275,000 tpa of 55% zinc concentrate and 10,000 to 26,000 tpa of 50% lead concentrate. The resource remains open in almost every direction which may support exploration upside and future mine expansion.

### **About Glencore**

Glencore was founded in 1974 and is one of the world's leading integrated producers and marketers of commodities. Glencore has worldwide activities in the production, sourcing, processing, refining, transporting, storage, financing and supply of metals and minerals, energy products and agricultural products. Glencore became a publicly traded company in May 2011, with a primary listing on the London Stock Exchange and secondary listing on the Hong Kong Stock Exchange. Glencore's initial public offering was the largest in the history of the premium listing segment of the London Stock Exchange.

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*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.*