

Quarterly Activities Report - Period End 30 June 2013

HIGHLIGHTS

- **Citronen Feasibility Study released**

Highlights of the Citronen Feasibility Study are*:

- **NPV: US\$609 Million** (US\$354M post tax)
- **IRR: 32.0%** (22.2% post tax)
- **Equity Return: 37.9%** (Geared NPV after tax)
- **Capital Cost: US\$429.3 Million inc contingency** (US\$484.8M with First Fills)
- **Operating Cost: US\$0.68/lb Zn** (Payable, net of by-product credits, Years 1-5, smelter fees additional US\$0.22/lb Zn)
- **Mine Life: 14 years**
- **Life of Mine Revenue: US\$5.65 Billion**
- **Life of Mine Operating Costs: US\$3.42 Billion**

** The assumptions these results are based on are detailed in the Feasibility Study document, released to ASX on 29 April 2013.*

- **High grade gold and copper rock chip results received from Ironbark's 100% owned Peakview Project in NSW:**

- Peak gold results include 253g/t, 94.8g/t, 91.5g/t and 53.4g/t
- Peak copper results include 14.9%, 7.6% and 6.6%

- **China Nonferrous proceeds with Citronen EPC/financing under the memorandum of understanding** (released to ASX post quarter)

Ironbark Zinc Limited (ASX: IBG) ("Ironbark" or "the Company") is pleased to report on its progress towards developing its vision of building a globally significant base metals mining house for the period ending 30 June 2013. This is despite difficult background market conditions which have impacted Ironbark's share price. In this period, the Company has continued to advance its Citronen base metal project (Citronen) and is acutely aware of the environment in which the company is navigating. In recognition of these conditions, significant cost reductions have been made at all levels of the business in order to maintain

the best springboard for future share price growth when the fundamentals of the zinc market improve.

Ironbark's management remains confident that the combination of factors including increasing zinc demand, falling zinc mine head grades, major mine closures and limited new developments will result in a favourable zinc development market. This is supported by highly reputable base metal/commodity forecasting group, Wood Mackenzie, who have forecast a rising zinc price from late-2013 onwards which should provide a strong backdrop for Ironbark's development of one of the world's largest undeveloped zinc projects at Citronen.

The Ironbark team is grateful to its shareholders for their continued support and will endeavour to deliver a major mining operation as quickly and prudently as possible. The Company continues to work with China Nonferrous under the exiting Memorandum of Understanding. In addition, Ironbark is heavily focused on growing the business through utilising the US\$50M Glencore AG - Xstrata PLC mergers and acquisition funding facility and by continued exploration and development of economic resources within the Company's other exploration licences.

Citronen Feasibility Study

During the Quarter Ironbark released the Citronen Feasibility Study which is the culmination of an enormous amount of work, primarily conducted by independent engineers.

The Citronen base metals project benefits from the following favourable characteristics:

- Located in Greenland – a country with low sovereign risk
- Located adjacent to deep, protected water on the doorstep of Europe and North America
- Simple, flat and continuous ore zones
- Open-pit fresh sulphide potential with very low strip ratios available to supplement higher grade underground mined mineralisation
- Simple, predominantly underground room and pillar mining operation planned
- Long mine life, with mineralisation open in almost every direction
- One of few world class deposits wholly owned by a junior company
- Production scheduled at a time of many planned zinc mine closures, a shortage of zinc supply and anticipated high zinc prices
- Ironbark is working with China Nonferrous under a MOU to deliver an EPC fixed price contract and financing for the project

The Feasibility Study incorporated a recent review of capital costs and the 2012 updated Resources Statement. Further advances and improvements, particularly surrounding resource confidence and mine scheduling, were released in 2012 and were included in the Feasibility Study.

New metallurgical breakthroughs made with zinc flotation (recoveries of 90% zinc achieved) were reported in the Feasibility Study; however, as testwork remains ongoing, the results could not be included in the Feasibility Study. The higher recoveries will be incorporated into the Feasibility Report following the completion of further studies.

On the results of the Feasibility Study Ironbark's Managing Director Jonathan Downes said:
 "We are delighted the Citronen Project has been ratified as a base metal mining project of global significance. Aside from being located in Greenland, a nation actively seeking to foster a mining sector to help support its economy, Citronen's mine life of at least 14 years is defined only by the limits of drilling to date. As such, one of the Project's most exciting aspects remains its exceptional exploration potential with identified mineralisation remaining open in almost every direction."

Ironbark has an engineering and construction Memorandum of Understanding (MOU) with China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd (NFC) for a fixed price Engineering, Procurement and Construction (EPC) contract. The MOU encompasses a 70% debt funding proposal through Chinese banks and provides NFC with a right to buy a 20% direct interest in the Citronen Project.

Citronen's Feasibility Study with all the supporting studies was formally presented post-quarter to NFC for the purposes of preparing the EPC and financing work. NFC is expected to be in a position to begin delivering the results from their work scheduled for the second half of 2013.



Figure 1: Engineers proposed design of the Citronen Zinc-Lead Mine in production

China Nonferrous Proceeds with Citronen EPC/Financing Under MOU

Post quarter, Ironbark was pleased to report (ASX announcement dated 15 July 2013) the Feasibility Study for its Citronen Base Metal Project had been formally presented to China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd ("NFC") in accordance with the Memorandum of Understanding ("MOU").

The MOU is a framework agreement under which NFC has undertaken to provide the following:

- Engineering, procurement and construction ("EPC") on a fixed price and turnkey basis;
- NFC to facilitate funding of the project development costs from major banks in China for 70% of the EPC contract cost on a turn-key basis (subject to standard terms and acceptability of the banks);

- NFC is provided with an option to purchase up to 20% of the Citronen project directly on an mutually agreed valuation basis; and
- NFC entering into an offtake agreement for the concentrate products of the Project or a portion thereof.

Having finalised the Citronen Feasibility Study on its wholly owned Citronen Project and, in accordance with the non-binding MOU, Ironbark will work with NFC to establish the development programme for the delivery of Citronen.

Ironbark is delighted that the Citronen project is continuing to progress towards development in the current tough funding environment. Ironbark's partnership with NFC provides a pathway to funding and development of Citronen that minimises shareholder dilution.

High Grade Gold and Copper Rock Chip Results from Peakview Project

During the quarter, Ironbark announced additional high grade gold and copper rock chip results from its 100% owned Fiery Creek and Macanally Prospects at the Peakview Project in New South Wales.

The results were derived from 54 rock chip samples taken from around historical workings (Figure 1) at the Fiery Creek and Macanally Prospects during a follow-up mapping campaign. The extensive rock chip sampling returned very positive results, with grades returned of up to 253g/t gold and 14.9% copper.



Figure 1: Historical workings at Fiery Creek within the Peakview Project

Previously, the Company had reported (ASX announcement dated 19 February 2013) the discovery of unexpectedly high-grade copper and gold rock chip results from the Fiery Creek Prospect, with six rock chip samples taken from around the historic pits and shafts returning up to 15.25% copper and 22.7 g/t gold.

Approximately 85% of the current rock chip samples reported grades in excess of 1g/t gold (Figure 2) and the average grade for all samples taken was an impressive 17.15g/t gold. These results confirm the high tenor of the historic workings within Ironbark's tenement (EL6925) which stretches for over 7km and consist of multiple parallel mineralised zones.

Ironbark considers the Peakview Project to have a high potential for the discovery of economic grade mineralisation. To date, there has been limited drill testing of the lodes below the historically mined material. Drilling permits have recently been granted for Peakview and Ironbark is currently working towards gaining approval to conduct a drilling program at the Fiery Creek and Macanally Prospects.



Figure 2: High-grade rock sample taken from around historical workings at Fiery Creek

For further information please visit Ironbark's website www.ironbark.qi or contact us:

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Competent Person Statement: The information in this report related 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 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.

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 International AG 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. 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).

China Nonferrous Metal Mining (Group) Co. Ltd is currently undertaking engineering work on the Citronen project. The studies are based on an Ordinary Kriging methodology estimated mineral inventory of:

Resource 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	4.7	0.4	5.1
Total	70.8	5.1	0.5	5.7

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

within a larger resource of:

Resource Category	Mt	Zn %	Pb %	Zn+Pb%
Measured	43.1	4.2	0.5	4.7
Indicated	51.2	4.2	0.4	4.7
Inferred	37.7	3.8	0.4	4.2
Total	132.0	4.0	0.4	4.5

Using Ordinary Kriging interpolation and reported at a 2.0% Zn cut-off

“Ironbark is an emerging leader amongst Australia’s mineral resource companies and is dedicated to delivering shareholder value through the development of its major base metal mining operation in Greenland, and the acquisition of quality base metals projects.”

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

IRONBARK ZINC LIMITED

ABN

93 118 751 027

Quarter ended ("current quarter")

30 Jun 2013

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(543)	(1,657)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(383)	(1,577)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	41	187
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – Research and development rebate	-	81
1.8	Other – Exploration rent refunds	-	16
Net Operating Cash Flows		(884)	(2,950)
Cash flows related to investing activities			
1.9	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	908
	(c) other fixed assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other – Refund for tenement's bond on completion of field season	-	-
Net investing cash flows		-	908
1.14	Total operating and investing cash flows (carried forward)	(884)	(2,042)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.14	Total operating and investing cash flows (brought forward)	(884)	(2,042)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other – bank security deposit	-	(93)
	Net financing cash flows	-	(93)
	Net increase (decrease) in cash held	(884)	(2,135)
1.21	Cash at beginning of quarter/year to date	3,005	4,256
1.22	Exchange rate adjustments to item 1.21		
1.23	Cash at end of quarter	2,122	2,122

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	223
1.24	Aggregate amount of loans to the parties included in item 1.11	-
1.25	Explanation necessary for an understanding of the transactions	
	1. Payment of consulting and directors fees to directors.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-
3.2	Credit standby arrangements	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
4.3 Production	-
4.4 Administration	300
Total	600

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,122	3,005
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,122	3,005

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.


	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	368,392,667	368,392,667		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	9,050,000 500,000 500,000 5,000,000 1,000,000		Exercise price \$0.45 \$0.35 \$0.45 \$0.30 \$0.10	Expiry date 16 November 2013 16 November 2013 20 January 2015 31 December 2017 18 December 2016
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.122	Unsecured notes (totals)				
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date:29 July 2013.....

Print name: .. Robert Orr.....
(Company secretary)

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.