

30 October 2017

Company Announcements

Australian Securities Exchange Limited
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152-158 St Georges Terrace
PERTH WA 6000

QUARTERLY ACTIVITIES REPORT PERIOD ENDING 30 SEPTEMBER 2017

Ironbark Zinc Limited (ASX: IBG) (“Ironbark” or “the Company”) is pleased to report on its activities for the period ending 30 September 2017 in which the highlight has been the release of the Updated Feasibility Study for the Citronen Zinc-Lead Project (Citronen) which was published on 12 September 2017.

The Feasibility Study Update (2017) was based on the original 2013 Feasibility Study but has incorporated a recent review of capital and operating costs. Several major changes that have been highly favourable include improved global benchmark smelter treatment terms, lower fuel prices (which represents one of the Projects largest forecast costs of operation), and the long-anticipated recovery in the zinc price. There have been some cost increases, including wages and some materials, however, the result is a far more robust project than ever before which is reflected in a post-tax NPV of US\$909 million, placing Ironbark in a strong position to become a major new zinc producer.

Commenting on the results of the updated cost evaluation of the Feasibility Study Ironbark Managing Director Jonathan Downes said:

“We are extremely pleased with the confluence of a strong zinc price, which is widely forecast to continue to strengthen, low fuel prices and strongly improved smelter treatment charges. This has sharpened up the project economics and now has the project NPV exceeding US\$1B at spot metal prices and using 5 year Wood McKenzie zinc forecasts. Giving real significance to this is the recent grant of a 30 year Mining Licence finally allowing a rapid progression towards financing and production. The Citronen Project shows a highly profitable base metal development potential of global significance. 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.”

Feasibility Study Cautionary Statement:

Refer to ASX announcement 12 September 2017. Ironbark confirms that all the material assumptions underpinning the production target, or the forecast financial information derived from the production target, in the initial ASX announcement continue to apply and have not materially changed. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Measured or Indicated Mineral Resources or that the Production Target or preliminary economic assessment will be realised.

Ironbark remains debt-free and has a strong shareholder base including Nyrstar NV and Glencore AG. 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 has been presented to NFC for the purposes of preparing the EPC and financing work. Ironbark is assessing the best financing pathway forward and is considering working with several potential partners.

Highlights of the Feasibility Study

- **NPV⁸** **US \$1,034 Million (US \$909 Million post tax*)**
- **IRR** **36% (35% post tax*)**
- **Capital Cost** **US \$514 Million****
- **Large Scale Production** **3.3Mtpa Mine Rate/Production up to 200,000tpa zinc metal**
- **Site Cost** **US\$0.52/lb Zn (Payable, Net of by-product credits)*****
- **Mine Life** **14 years (open ended and with further inferred resources that could potentially be converted to reserves)**
- **Life of Mine Revenue** **US\$6,364 Million**
- **Life of Mine Operating Costs** **US\$3,025 Million**
- **Life of Mine NPAT** **US\$1,836 Million***

Project Highlights

- **100% Owned Exploitation Licence 2016/30 (Mining Permit) Granted by the Greenland Government – 30 year term**
- **Open-ended, simple, consistent resource**
- **Simple Mining, Simple Processing using Standard Technology**
- **Ironbark is Working with China Nonferrous under a MOU to Deliver an EPC Fixed Price Contract and Assist in Project Financing**
- **No debt**
- **Major Industry Shareholders – Glencore International AG & Nyrstar NV**

* Excluding dividend withholding tax (Corporate tax rate of 30%, dividend withholding tax 37%). All costs and prices indexed at a CPI rate of 2.5% pa

** Compared against the last Western Calculation dated 2011 is a 2.4% increase. NFC are currently working on a Chinese Feasibility study which is expected to have a lower Capital Cost

*** Smelter fees an additional US\$0.14/lb Zn payable

During the quarter:

- Site visit conducted in August to the Citronen Project with representatives from the Greenland Government and NFC
- Robust Feasibility Study Cost Update released 12 September 2017
- Zinc price steadily increased throughout the quarter to hit a 10 year high of US\$1.52/lb subsequent to the quarter (3 October 2017)
- 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

Site Visit

During the quarter Ironbark conducted a site visit to Citronen with the Vice President of NFC, Mr. Qin Junman, and the Greenland Government Minister for Mines, Múte Bourup Egede and the Deputy Minister, Jørgen T. Hammeken-Holm. Mr. Junman led a team of engineers and experts from NFC and the Nerin Group in the site visit as part of NFC's ongoing project assessment. In addition Ironbark was supported by a senior engineer from CPC Project Design ("CPC"), a senior Ironbark geologist and a support crew.

The site inspection formed part of the NFC project review and a Feasibility Study update being compiled by NFC for the purpose of preparing the project to access Chinese financing and development with current costs, pursuant to the MOU.

The site inspection was successful in introducing the Greenland Government Mines Minister and Deputy Minister to the Vice President of NFC and his selected team. It provided a solid understanding around the construction requirements and operating conditions for the Project. Presentations and reviews were conducted on the mineralisation, site locations of the open pit and underground mine, the process plant and tailings location, the port location and water supply among many other aspects of the Project.

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.

Subsequent to the quarter large proportions of the NFC design work has been provided to Ironbark for comment which included some alternative planning and designs to the current Western study such as decline position, air vents and water storage design, to name a few. Ironbark is currently discussing the designs with NFC and then hopes to progress to a final design and capital and operating cost estimates to release to the market shortly. This work will form the basis of the potential Chinese EPC contracting and financing.

Alternative Financing

In addition to progressing the financing plan through the NFC pathway, as discussed above, Ironbark continued discussions with financiers to provide supportive and alternative financing options. Ironbark has prepared a detailed data room and under Confidentiality Agreements has many interested parties reviewing the project and the Feasibility Study. These groups range from International Banks, Sovereign wealth funds, Private Equity Groups that specialise in both debt and equity, investment funds and many others.

Ironbark is seeking interest and pathways to fund the project while maintaining a focus of minimising dilution and the ability to close the financing in a timely manner. Ironbark is working with financial advisors with specific experience and interest in large scale mine financing. In addition Ironbark is planning to appoint a project management team to manage construction and development on behalf of Ironbark once the initial financing pathway has been settled.

Ironbark will provide further details surrounding this work in the near future.

Zinc Market and Marketing

“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 and rose steadily throughout the quarter (Figure 1), reaching 10 year highs. Zinc, the fourth most mined metal by volume, is mostly used for galvanising steel, and has run hard since June reaching a peak value of US\$3,264/tonne just subsequent to the September quarter (3 October 2017).



Figure 1: Zinc spot price for 12 months from October 2016

LME zinc stocks are currently below 270,000 tonnes, see Figure 3, which is down by over 40 percent from a year ago, which suggests market tightness. The Chinese Shanghai stockpiles are following the same trend and are also substantially lower. Lower Chinese treatment charges and better zinc payability terms being offered by the smelters also point to a genuine market tightness.

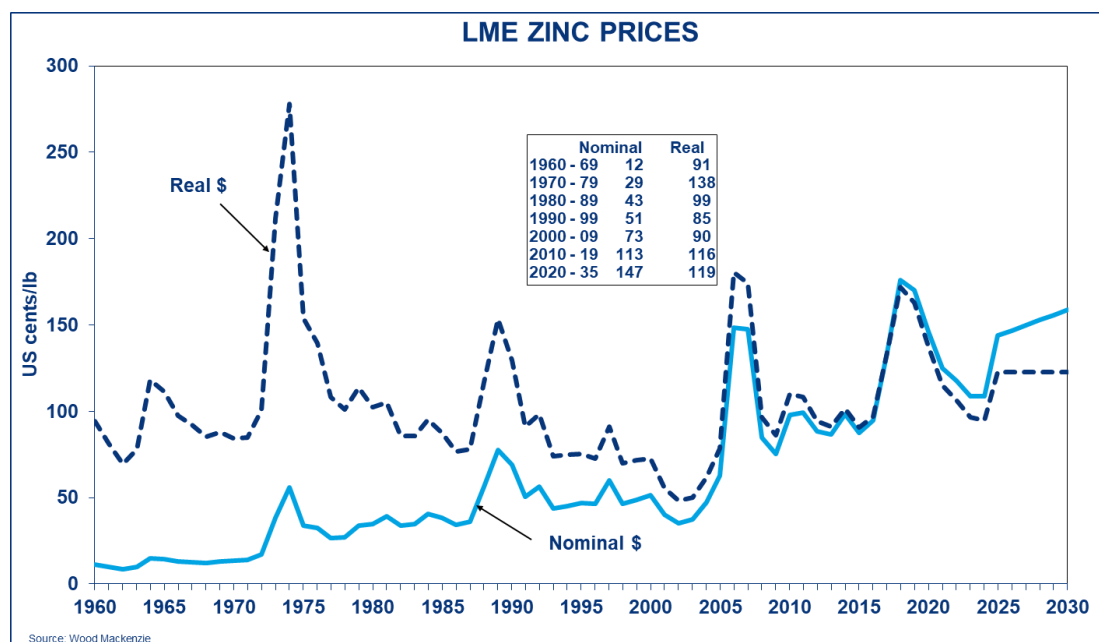


Figure 2: LME Zinc prices and forecast

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 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 3: LME Zinc Warehouse Stock Level

Cash Position

The Company holds a cash position at the end of the September 2017 quarter of approximately \$1.76M with no debt. Strong cost saving measures remain in place.

End.

For further information please visit Ironbark's website 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

“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.”

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), GradDip App. Fin., 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)

| IRONBARK ZINC LIMITED CONSOLIDATED BASIS | | | | |
|---|-------------------------------------|-----------------------|---|-----------------------|
| SCHEDULE OF INTERESTS IN MINING TENEMENTS | | | | |
| Project | Mining Licence and tenements held | Location of tenements | Beneficial % interest at end of the quarter | Change in the quarter |
| 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% | |

