

18 May 2020

Australian Securities Exchange Limited
Level 40, Central Park,
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PERTH WA 6000

IRONBARK TO RECEIVE ~AUD \$1.5 MILLION CASH INJECTION AND FEE DEFERRALS

Ironbark Zinc Limited (“Ironbark”, “the Company” or “IBG”) hereby advises that a range of initiatives have been agreed with the Government of Greenland, significantly strengthening the Company’s balance sheet during the COVID-19 crisis.

Highlights:

- Ironbark has secured agreement to redraw approximately AUD \$1.5 million of the AUD \$3m previously contributed to its Greenlandic escrow account
- This is a nil interest arrangement; Ironbark has 24 months from the date of receipt of funds to reinstate the cash (the funds can also be repaid early at Ironbark’s election)
- The cash is unencumbered and available for use at the full discretion of the Board of Ironbark
- Furthermore, IBG and the Government of Greenland have agreed a deferral of all Advisor Fees for 2020 and the first half of 2021, resulting in an immediate cash flow saving of AUD \$150,000 in the June quarter of 2020

Background

COVID-19 has changed the market landscape substantially, with a dramatic effect on economic conditions and equity market appetite for new growth projects. Over the past weeks, these challenging circumstances have resulted in a number of companies seeking to raise fresh equity, typically at substantial discounts to their pre COVID-19 share price.

The IBG Board recognises that the prevailing economic and market uncertainty has rendered the pursuit of project finance in 2020 challenging. It is also likely that a return of confidence will be delayed until possibly 2021 at the earliest. It is therefore not realistic to pursue meaningful debt and equity opportunities to develop the Citronen project until market confidence is restored. Under the circumstances, the Board believes that the remainder of 2020 should be devoted to removing all outstanding barriers to undertaking a financial investment decision which can be pursued in 2021.

Ironbark is grateful that its strong relationship with the Government of Greenland has enabled it to secure concessions during these difficult times. The temporary relief provided to the Greenlandic resources industry during the COVID-19 crisis reflects the importance that the Government of Greenland places on facilitating future mining investment. These two concessions will considerably strengthen IBG’s balance sheet and ensure that work continues to proceed on the development plan during 2020.

Bond Redraw

Over the period July 2018 to December 2019, IBG transferred approximately 14 million Danish Kroner (DKK) into a Greenlandic escrow account to cover the potential rehabilitation of the exploration camp at Citronen. This cash is currently static and IBG has no further site works planned in 2020 due to travel restrictions into Greenland.

The Government of Greenland has agreed to allow IBG to redraw 50% of the escrowed funds, being approximately AUD \$1.5 million (DKK 6.63 million) at current FX rates. The key condition of drawdown is that these funds are reinstated no more than 24 months later provided that the Citronen exploration Camp is still potentially in need of

rehabilitation. Under the prevailing government conditions, if the Citronen project moves into development within the next 24 months, then it is likely that a revised bonding regime will be re-instated.

Fee Deferrals

Ironbark typically budgets for approximately AUD\$100-150,000 per year to be paid in fees to the Government of Greenland to cover licencing charges for the Citronen Project (Licence 2016/30), with the fees for 2020 previously forecast to be paid in the current quarter. These costs, and a similar amount for 2021, will now be deferred for payment until the 3rd quarter of calendar year 2021.

Impact on the Business

During the June quarter, IBG had forecast to pay approximately AUD \$150,000 to the Government of Greenland for fees. This deferment of expenditure in addition to the approximate AUD \$1.5 million redraw will enhance the company's cash position by at least AUD \$1.65 million over the June quarter. Ironbark's cash balance at 31 March 2020 was AUD \$903,000.

The Board of IBG intends to take advantage of these greatly improved circumstances to:

- Complete the revision of the Citronen Feasibility Study by the end of 2020 by:
 - Finalising the current Mining Plus work in the current quarter;
 - Committing to further work including updating the processing plant design and layout, construction plan, and other minor elements of the existing Feasibility Study
- Completing the acquisition of all outstanding approvals required ahead of development and financing;
- Pursuing a debt funding package to support the development of Citronen; and
- Further investigating equity funding pathways to support the development of Citronen

The IBG Board is confident that all project development activities are now fully funded through to a financial investment decision for Citronen (expected prior to end of 2021) and that this announcement today sets in motion the process to transform IBG into a producer.

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.