

Time to take stock

Michael Quinn, [19 June 2013](#)



QUITE when the long awaited change in fortune for those leveraged to zinc will occur can't be known, but what is as near certain as certain can be is that the zinc price has to significantly improve if the world still wants zinc. And soon! That's the situation, according to the folk at Ironbark Zinc, and no juniors are as leveraged as they are.

Ironbark's Citronen project in Greenland features a huge zinc deposit that may in time be shown to be the largest zinc deposit in the world given the company has only drilled a small portion of it.

Some \$A50 million has been invested in the project to date – including a major feasibility study that is said to be stand-out in terms of comprehensiveness – and all going to plan, the financing for what would be one of the sixth largest zinc operations in the world, should be in place by the end of the year.

Critically, Ironbark managing director Jonathan Downs claims the company has a clear financing pathway to follow, with 70% earmarked to come from Chinese banks, and 20% via China Nonferrous' intention to buy a 20% stake in the project.

Everything is going well, according to Downs ... except Ironbark's share price.

Zinc is often a difficult sell for equities at the best of times, and the debacles at both Kagara and Terramin in recent times haven't helped matters as far as perceptions go. Still, there would seem two or three clear catalysts for a big Ironbark re-rating, with formalisation of the financing and a move in the zinc price obvious positives. With regards the latter, the major Brunswick operation closed less than two months ago after producing for half-a-century, and the Lisheen and Perseverance mines will also be closing this year.

Others too are on their last legs, and with constant and growing demand (think China!), "there is no question there is going to be a big deficit", Downes maintains. Another potential catalyst for Ironbark would be some "swashbuckling" M&A, with, again, Ironbark having a funding pathway via a \$US50 million funding facility provided by substantial Ironbark shareholder Glencore – \$US30 million of which converts into shares at 42c, ten-times Ironbark's shareprice this week.

Notwithstanding the horror equity market at the moment (and weak zinc price), Ironbark would appear to have much to look forward to.

It seems just a matter of time. Tick, tick, tick ... **HG**

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