



# Quarterly Activities Report

Ending March 31, 2009

IRONBARK GOLD LIMITED  
ABN: 93 118 751 027

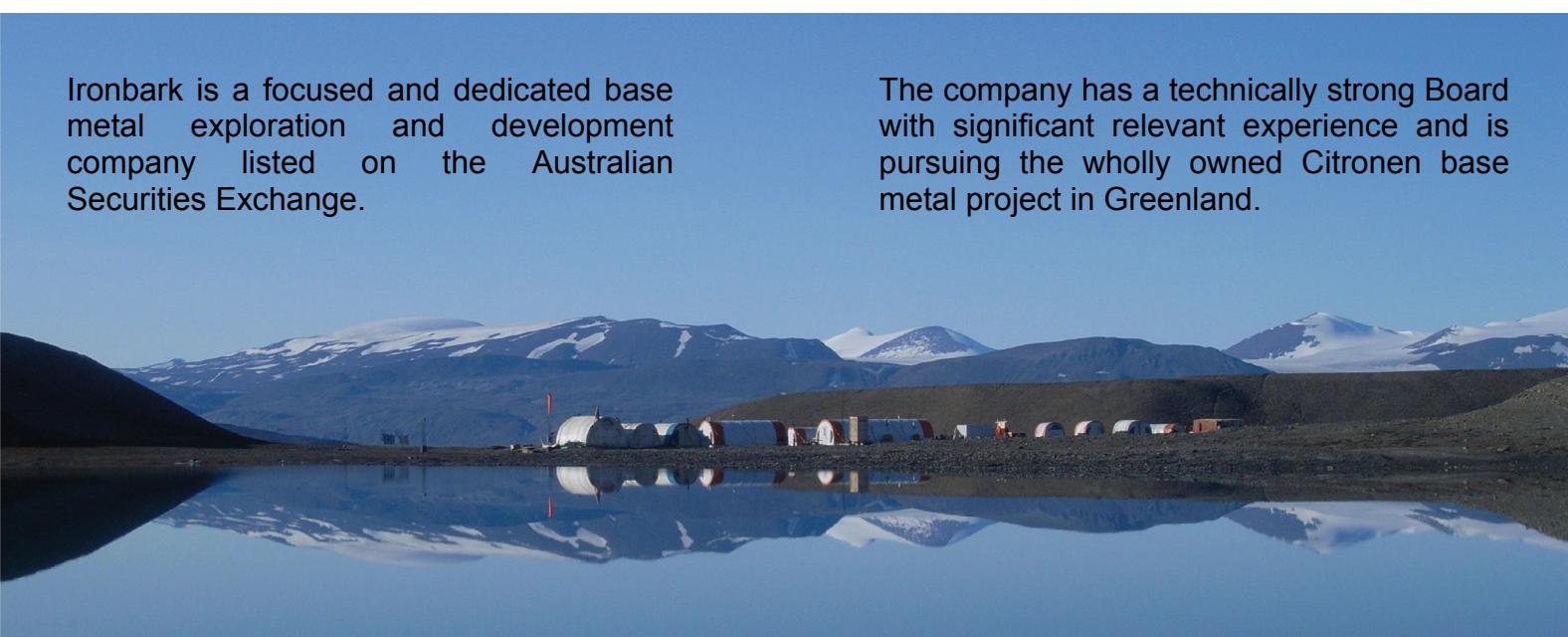
**Ironbark**

# Quarterly Activities Report

Ending 31 March 2009

Ironbark is a focused and dedicated base metal exploration and development company listed on the Australian Securities Exchange.

The company has a technically strong Board with significant relevant experience and is pursuing the wholly owned Citronen base metal project in Greenland.



## Highlights during the March Quarter

- 1. Dense Media Separation (DMS) testwork returns outstanding results –** The Citronen ore grade could potentially be cost effectively doubled prior to treatment reducing operating and capital costs.
- 2. High grade mining review –** Falling zinc prices have required the selective targeting of higher grade zones for Citronen using the updated 2008 resource, based on the 2008 extensional drilling, that has identified mineralisation at significantly higher grades than previous studies contemplated.
- 3. Capital Cost Reduction Programme –** Engineering and design cost cutting measures are currently being implemented. Further engineering work, including adopting the DMS flowsheet, has identified numerous opportunities to reduce the capital costs.
- 4. Cost Cutting Measures Implemented –** In recognition of difficult market conditions, a series of cost cutting measures has been implemented including the reduction of salaries of all management and Directors as well as some redundancies. Ironbark retains a healthy cash position and no debt.
- 5. Convertible Note Facility Discussions Terminated –** Ironbark entered into discussions with a third party regarding a Convertible Note Facility to expedite the development of Citronen. Unfortunately Ironbark was forced to terminate negotiations as formal agreement for the key terms could not be met within reasonable timeframes.

Ironbark is pleased to report to our shareholders the ongoing results from the Citronen Zinc Project (Citronen). We recognise the potential for Citronen to become a major global base metal producer. The Company remains well funded and well placed to explore the potential of Citronen this coming field season.

## 1. Dense Media Separation Testwork

Preliminary results from the Citronen base metal project ore upgrading testwork exceeded expectations and effectively doubled the grade of the sample into ~50% of the mass following a crush and gravity sorting process with a modest 4% zinc loss for the size fractions which were treated by the upgrading testwork.

The process known as Dense Media Separation (DMS) is a cheap and simple method to pre-concentrate ore prior to mill processing. A detailed summary of the results is available in the ASX release dated 24 March 2009. The DMS process is a widely accepted process used in numerous zinc mining operations such as Mount Isa.

The upgrade of 100% is an exceptional result and has the potential to:

- **Radically reduce the capital costs of the processing plant** - *a smaller processing plant treating upgraded feed can produce the same metal production as a far larger plant treating un-concentrated feed*
- **Reduce the operating costs** – *the gravity upgrade is observed at a coarse crush size and is very cost effective. The amount of material that would require a grind and float could effectively halve*
- **Reduce the tailings dam requirements** – *with half the volume of ore ground and floated the tailings dams can be reduced in size and in the case of Citronen may be pumped underground with water into the permafrost environment to freeze and form backfill neutralizing any environmental impact of sulphide waste*
- **Increase potential ore reserve** – *surface material that would previously have been discarded as waste in open pit operations may be upgraded and treated as medium grade material*

Ore zones, particularly at the Discovery and Beach Zones, are characterised by distinct bands of high grade and heavy zinc/lead material separated by bands of lighter barren waste material.

Further testwork is required across various ore zones to optimise the crush size to minimise the amount of material that is too fine to treat by DMS (less than 1mm) which would otherwise be directed to the standard grind and float circuit for conventional treatment.

Further DMS testing will be conducted as a matter of priority and will be investigated as a part of the feasibility studies as the project is progressed.

The sample of test material submitted for DMS testing is considered representative of the Beach Zone, see Figure 1, which is likely to be targeted as early mine feed.

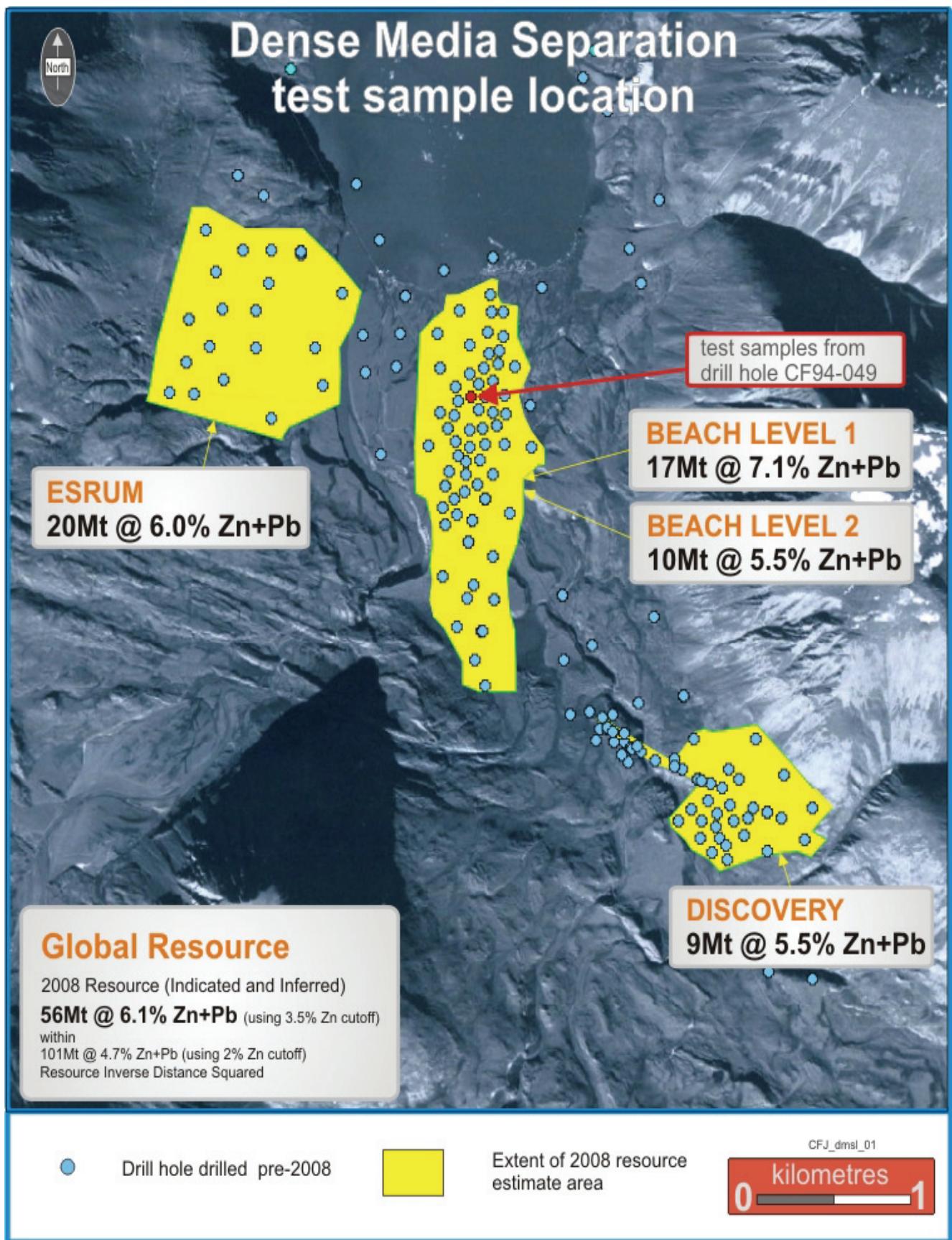


Figure 1

## **2. High Grade Mining Review**

The Citronen project is a very large mineralised system that hosts regions of high grade material within the massive medium and low grade resource base. The high grade resource base is currently being reviewed for early selective mining and has the potential to provide several years of feed at grades that may exceed 10% combined lead and zinc. Independent mining engineers have been appointed to provide a high grade feed schedule based on a range of production rates. This work has been initiated in recognition of falling zinc prices and to utilise the 2008 resource base which is larger and higher grade than the 2007 resource base and mining study. This is expected to provide the opportunity to selectively exploit identified mineralisation at significantly higher grades than previous studies contemplated. High grade zones of mineralisation have been identified that are accessible and coherent. The effect of an increased mining rate and reduced throughput has the potential to increase the profitability of a mining operation as well as reduce the capital costs on site.

The results of the work and a new optimised rate of mining will be provided to the market as soon as possible.

## **3. Capital Cost Reduction Programme**

Further engineering, primarily based around adopting a Dense Media Separation flowsheet, have identified numerous opportunities to reduce capital costs, including significant reductions in the power generation facility and associated fuel farm, milling and flotation circuit size and tailings thickeners and dams.

Ironbark is investigating the applicability of shipping concentrate products using barges to transfer the concentrate to an open water port or nearby smelters, allowing significant reductions in wharf, shipping and storage shed construction costs, fuel and reagent storage costs.

Metallurgical testwork will continue to further optimise the grade/recovery properties of the ore, with the aim of increasing the grade of the concentrate to 55% zinc or higher, from the current 50% zinc grade, while maintaining high levels of recovery.

This work, and additional tests using similar gravity based upgrading methods will be evaluated in the coming months to ensure total capital requirements for the project are minimised and a new optimised study will be released to the market as soon as possible.

## **4. Cost Cutting Measures Implemented**

In recognition of difficult market conditions, despite Ironbark retaining a healthy cash position and no debt, a series of cost cutting measures has been implemented. These measures include the reduction of salaries of all management and Directors as well as some redundancies.

While these are difficult measures to implement and impact the team, they will substantially reduce the cost of running the company and will help to preserve the value of the Citronen project during the global financial crisis for the benefit of all the shareholders.

## 5. Convertible Note Facility Discussions Terminated

Ironbark entered into formal discussions with a third party regarding a potential Convertible Note Facility (Facility) to fund a full Bankable Feasibility Study (BFS) of the Citronen base metal project. Within the reasonable and contemplated timeframes, formal agreement for the key terms of the Facility (which the Board had originally considered to be compelling and favourable) could not be met and discussions were terminated by Ironbark. The terms of the Facility are protected by confidentiality clauses and limit the information Ironbark is able to release to shareholders.

The Board wishes to thank our shareholders for their patience over this period and reiterate that the Board will continue to act in the best interests of its shareholders and will vigorously protect the value of our Citronen asset. The value of Citronen and associated offtake must not be understated despite the difficult market conditions and share price fluctuations.



## About the Citronen Zinc Project

Ironbark is a well funded Company that is listed on the Australian Securities Exchange (ASX:IBG) and specialises in base metal exploration and development in Greenland and Australia.

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.

Ironbark's key focus is the Citronen Zinc-Lead deposit in Northern Greenland.

The current JORC compliant resource for Citronen (November 2008) is detailed as follows:

### **55.8 million tonnes at 6.1% zinc (Zn) + lead (Pb)**

Indicated resource of 29.9Mt @ 5.8% Zn and 0.6% Pb
Inferred resource of 25.9Mt @ 5.0% Zn and 0.7% Pb

*Using inverse distance squared ( $ID^2$ ) interpolation and reported at a 3.5% Zn cut-off*

Within a larger resource of:

### **101.7 million tonnes at 4.7% zinc (Zn) + lead (Pb)**

Indicated resource of 50.2Mt @ 4.5% Zn and 0.5% Pb
Inferred resource of 51.5Mt @ 3.8% Zn and 0.6% Pb

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

This resource also contains a higher grade resource of:

### **22.6 million tonnes at 8.2% zinc (Zn) + lead (Pb)**

Indicated resource of 14.3Mt @ 7.8% Zn and 0.7% Pb
Inferred resource of 8.2Mt @ 7.1% Zn and 0.7% Pb

*Using inverse distance squared ( $ID^2$ ) interpolation and reported at a 5% Zn cut-off*

*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 Gold 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.*