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The Manager,  
Company Announcement Office  
Australian Securities Exchange Limited

## **CITRONEN BASE METAL PROJECT UPDATE**

### **2009 FIELD SEASON - HIGH GRADE INITIATIVE - CAPITAL & OPERATING COST REDUCTION**

#### **2009 Field Season**

Ironbark is pleased to announce that the 2009 field season at Citronen has been approved by the Board of Directors and that drilling crews will be mobilising to Citronen with drilling expected to commence in June. The teams will operate the extensive inventory on site including 3 drilling rigs, 40 man camp site and extensive fuel supported by the bulldozer, tractors and forklifts. As a result of the season utilising the existing inventory the budget for the 2009 field season is expected to be low at between A\$1.2M and A\$1.4M which is well supported by the existing cash reserves of A\$4.8M (March 2009 Quarterly Cash Flow Report). Cost cutting measures have been implemented with board and employees agreeing to voluntary salary reductions ensuring reduced cash outflows.

The purpose of the 2009 field season is predominantly to advance the Citronen project towards production and will include geotechnical drilling, infill drilling, hydro-geological drilling and to provide further material for metallurgical testwork to improve recoveries and increase the concentrate grade. The infill drilling will also increase the confidence of the material planned to be mined from an early starter pit at the Beach Zone.

#### **High Grade Initiative**

Ironbark has received the preliminary results from the Citronen base metal project high grade mining review. Previous mining studies were based on the 2007 resource calculated in an environment of high zinc prices and based on a 2% zinc cutoff grade. The success of drilling in the 2008 field season and application of resource modelling at higher zinc cutoff grades has highlighted that Citronen hosts large coherent and minable zones of high grade material (Figure 1). The higher grade resource base is now the subject of a revised series of mining studies, ranging from 1Mtpa, 2Mtpa and 3Mtpa mining scenarios.

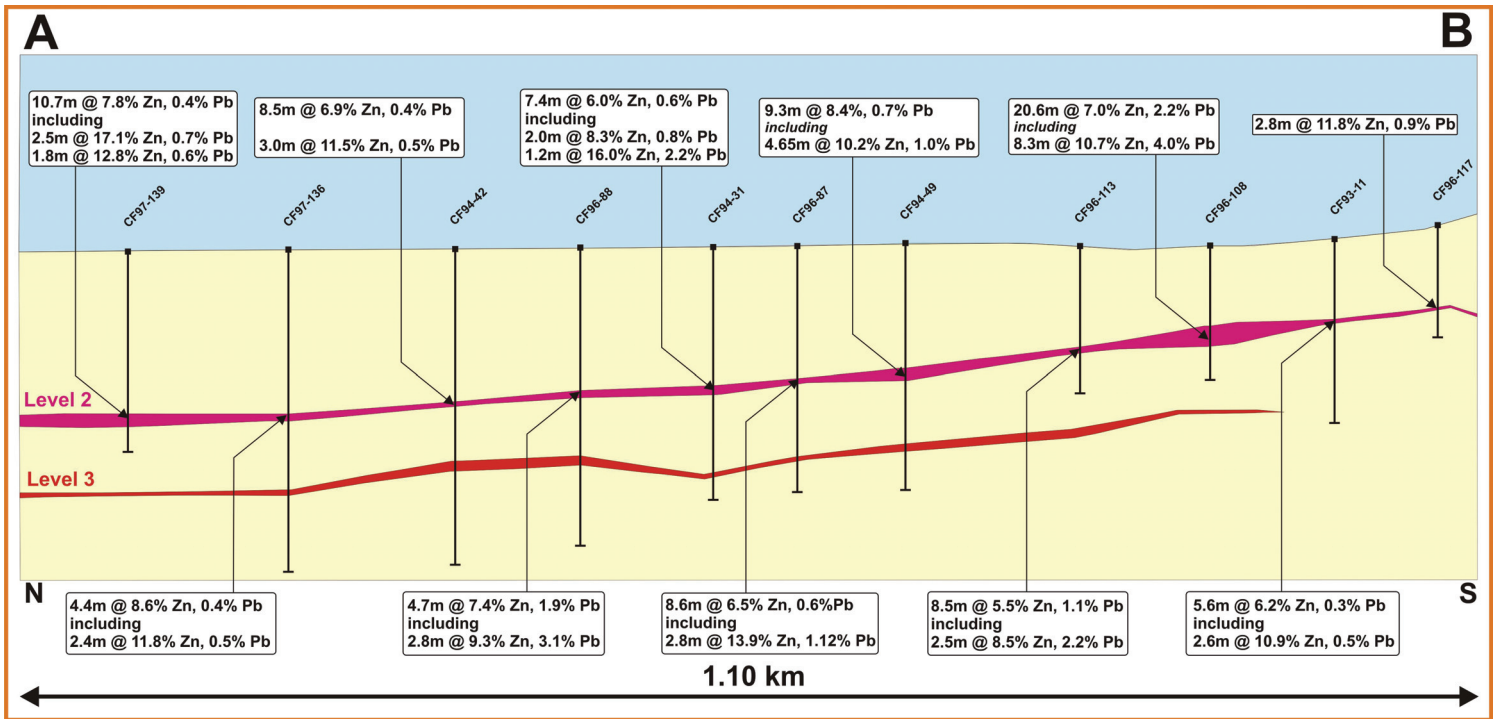


Figure 1 – High grade continuous mineralisation

Ironbark is working with Snowden Mining Consultants to optimise mining techniques to best exploit the advantageous mineralisation geometry and high grade ore zones. Targeting a 10% zinc+lead mined grade the ore would then be concentrated through a simple gravity process (DMS) to deliver up to ~20% zinc+lead to the process plant for the first years of production. Preliminary studies have targeted a 20Mt concentrated feed at ~12% zinc+lead taken from the resource base of 56Mt @ 6.1% zinc+lead at a 3.5% zinc cut-off.

## Capital and Operating Cost Reductions

The process known as Dense Media Separation (DMS) is a cost effective and simple method to pre-concentrate ore prior to mill processing. The DMS process is a widely used in numerous operations such as Mount Isa and allows a reduced capital cost for the processing plant as a smaller processing plant treating upgraded feed can produce the same metal production as a larger plant treating un-concentrated feed. Other items that can be reduced in size and cost include power generators, tailing dams, water storage etc. In addition, much of the wharf design has the potential to be replaced with a floating wharf system and site based barges to be loaded all year round. This is potentially substantially more cost effective than earlier designs and also has the potential to reduce shipping costs.

As the gravity upgrade is observed at a coarse crush size it is very cost effective and halves the amount of material that would require a grind and float to produce a concentrate. This reduces the operating costs, reagent costs, tailings management costs etc.

Further testwork will be required to determine the applicability of Citronen to this mining style and the result could include a strong reduction in mining costs.

A variety of processing plants and mining rates has been calculated and this will allow Ironbark to optimise the operations ranging from 1Mtpa, 2Mtpa and 3Mtpa DMS plants and 0.5Mtpa, 1Mtpa and 1.5Mtpa grinding and floatation circuits and associated infrastructure.

A summary of the latest scoping level study has been estimated and is presented in Table 1.

**Table 1 - Capital and Operating Costs Estimates**

<b>USD/lb payable Zn</b>	<b>1Mtpa</b>	<b>2Mtpa</b>	<b>3Mtpa</b>
<b>Ore Mining</b>	<b>\$0.14</b>	<b>\$0.15</b>	<b>\$0.16</b>
<b>Other Mining Activities</b>	<b>\$0.06</b>	<b>\$0.06</b>	<b>\$0.06</b>
<b>DMS</b>	<b>\$0.01</b>	<b>\$0.01</b>	<b>\$0.01</b>
<b>Power (surface)</b>	<b>\$0.04</b>	<b>\$0.04</b>	<b>\$0.04</b>
<b>Reagents</b>	<b>\$0.01</b>	<b>\$0.01</b>	<b>\$0.02</b>
<b>Other Processing Costs</b>	<b>\$0.05</b>	<b>\$0.05</b>	<b>\$0.06</b>
<b>Admin &amp; Others</b>	<b>\$0.01</b>	<b>\$0.01</b>	<b>\$0.01</b>
<b>Offsite Costs</b>	<b>\$0.002</b>	<b>\$0.003</b>	<b>\$0.003</b>
<b>Concentrate Transport</b>	<b>\$0.03</b>	<b>\$0.03</b>	<b>\$0.03</b>
<b>Pb Credits</b>	<b>-\$0.04</b>	<b>-\$0.04</b>	<b>-\$0.04</b>
<b>Operating Costs</b>	<b>\$0.29</b>	<b>\$0.32</b>	<b>\$0.34</b>
<b>TOTAL CAPITAL COST ESTIMATE</b>	<b>\$240,397,408</b>	<b>\$359,911,942</b>	<b>\$460,139,257</b>

## 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
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Inferred resource of 25.9Mt @ 5.0% Zn and 0.7% Pb
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*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
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Inferred resource of 51.5Mt @ 3.8% Zn and 0.6% Pb
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*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
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Inferred resource of 8.2Mt @ 7.1% Zn and 0.7% Pb
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*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.*