

Monday 12 December 2022
Australian Securities Exchange Limited
Level 40, Central Park,
152-158 St Georges Terrace
PERTH WA 6000

Citronen Base Metals Project Update

Ironbark Zinc Limited (“Ironbark”, “the Company”, or “IBG”) is pleased to update the market regarding progress at its flagship Citronen Zn-Pb Project in Greenland.

Highlights

- EXIM Due Diligence process successfully concluded for 2022; no “red flags” identified following approximately 9 months of desktop and field-based diligence work by EXIM’s specialist advisers
- Discrete work streams now defined – cutting across technical, environmental and social – where further investment is required to meet current bankable standards in certain areas
 - These are largely immaterial in cost and complexity relative to the overall project size
 - Ironbark understands these gaps could be closed off in a single field season subject to funding being available, after which its EXIM credit application can be resumed
- EXIM have confirmed that Citronen remains a pending 402 project and the bank is committed to restarting negotiations as soon as Ironbark elects to do so
- Renewed discussions underway aimed at attracting strategic investment into Citronen
 - Opportunity to leverage off continued interest in debt investment from US EXIM Bank
 - Newly opened time window allows for further exploration work aimed at improving base case economics
- Substantial recent progress made with Norway based LNS A/S however it is anticipated that discussions will continue into the March quarter in 2023 under the existing MOU (in place until May 2023)

IBG Managing Director Michael Jardine commented:

“The successful conclusion of the 2022 EXIM Due Diligence program is a welcome step for Ironbark after many months of hard work behind the scenes. Whilst the aspirations we held at the beginning of the year have no doubt been delayed, the key messages here are overwhelmingly positive – no fatal flaws yet identified, gaps exist but are relatively minor and EXIM remain committed to working with Ironbark. This is overall an excellent outcome for the Company and we’re now more informed than ever before about what a successful outcome needs to look like.”

The time we will now take to work through EXIM’s DD findings also allows us to revisit and refine our equity pitch. Citronen is already a very large, long life critical mineral asset with the ability to operate through multiple price cycles. Permitting is largely de-risked and 70% of Offtakes are already committed to global super majors Glencore and Trafigura; there are simply not many projects like this. With time now on our side to dedicate to further field work, the Board strongly believes the very robust known base can and will be improved before a new FID target date is set.

Combining these two parallel work streams – debt de-risking and potentially improved equity returns – presents a compelling new proposition for Ironbark to take to prospective JV partners. Given the scale of the asset, in terms of the balance sheet and operational strength required to execute, finding the right partner will be an important step in the road to eventual success.

Finally, and looking outside Citronen, we continue to examine ways to rebuild shareholder value in the short term and reduce our current over-reliance on what remains a highly seasonal project in northern Greenland. We are actively assessing new project acquisitions as well as investing in our 100% owned Fiery Creek project in NSW, and I look forward to sharing more with shareholders on these opportunities as soon as we are able.”

EXIM 2022 Due Diligence Conclusions

In its closing correspondence with IBG for 2022, EXIM highlighted the following conclusions:

- Due diligence remains incomplete at present with most of the work in 2022 focused on the financial, technical, environmental and social categories. These areas, in Ironbark’s view, comprise the main risk elements of a typical mining project
- As previously disclosed, diligence work on market and shipping have not yet begun, nor have key commercial elements been fully interrogated given the current state of maturity of the Project (e.g. no signed EPC agreement, no binding equity commitments made etc)
- Full Technical and E&S Risk Tables have been prepared. No issues were identified that EXIM thought Ironbark would be unable to successfully mitigate against
- EXIM expressed its ongoing commitment to the Citronen Project, with it remaining formally listed as a pending project on their public records

The main work streams flagged in the risk tables as requiring further attention by Ironbark include:

1. Infill drilling in the Esum Zone to upgrade resource tonnes from Inferred to Measured & Indicated.
2. Additional geotechnical drilling including in the proposed infrastructure zones
3. New flora, fauna, hydrology and hydrogeology survey data to be captured, with a baseline requirement of a minimum of two years (inclusive of existing data)
4. More recent stakeholder and social engagement consultation to be completed, this can be done year-round and does not require any work at the Project site itself

Three points here deserve particular attention:

Esum Drilling

Infill drilling at Esum is, in Ironbark's view, a relatively low risk exercise. It may not necessarily affect the bankability of the Project in its start-up phase, given where Esum sits in the schedule, but does have the potential to lift the Reserve life from the current 14 years to up to 20 years. This may allow for a much-extended loan tenor to be negotiated (currently proposed for 8.5 years, EXIM have the capacity to loan for up to 14 years) which will greatly strengthen overall project cashflows.

New Baseline Monitoring

Expectations around the scope and quality of data required regarding all ESG related issues have increased substantially since most of Ironbark's field work was completed between 2007 and 2011. As such, Ironbark sees this as a largely procedural issue with no new issues having yet been identified through the due diligence, rather additional longitudinal data now needs to be captured.

Social Engagement

Ironbark enjoys very strong relationships in-country and as part of its EIA & SIA approvals (both of which are already granted) the Project received the official support of every single municipality in Greenland. Citronen was the first and still only mining project to have obtained such a broad and definitive signal of support from the citizenry of Greenland. Furthermore, the local region (broadly North-East Greenland) is home to less than 30 permanent residents, all of whom are serving members of the Danish military. Nonetheless Ironbark has elected to conduct further stakeholder engagements to add yet more robustness to its social licence to operate following discussions with US EXIM's adviser on this issue.

Ironbark's view, which has been shared with EXIM Bank, is the field work to address these concerns could be completed in a single season subject to funding being available. Furthermore, Ironbark's position that its 2021 Bankable Feasibility Study was completed with sufficient rigour is unchanged, and the Board's view is that these issues are not unusual when negotiating with project lenders.

LNS Update

Ironbark signed and announced an MOU with Norway based Arctic specialist LNS A/S in May 2022 with an initial term of 12 months. The MOU contemplates various commercial arrangements including LNS either acquiring or earning an equity stake in the Project, along with being granted preferred contractor status for several of the key commercial elements of the Project including Logistics, Civil Construction and Mining.

Ironbark continues to believe LNS, with its long and successful history of operating in permafrost environments, is uniquely well suited to partnering at Citronen but at the time of writing no further agreements pursuant to the MOU have been reached. It is anticipated that discussions with LNS will continue in the March quarter 2023 and further guidance will be provided as and when it's available.

Revised JV Partner Search

Ironbark ran a formal process during much of 2022, in parallel to its EXIM funding application, targeting a decision to proceed being reached this calendar year. The timing of this decision was extended to a yet to be determined date in the ASX announcement dated 11 August 2022, after which the Strategic Equity Process continued at a much-reduced intensity.

The recently concluded 2022 EXIM Due Diligence program has given rise to a new, much more targeted JV partner search that will be a key priority for management in the coming quarters. Any JV transaction is likely to focus initially on funding for upcoming field seasons, aimed at both EXIM de-risking plus potentially further exploration work, with any decision to proceed to mining being subject to various further milestones yet to be agreed.

Areas of high priority for any new exploration work conducted by Ironbark and/or any future JV partners include:

- Capture of new geo-physical data aimed at large scale and/or deeper target identification
- Stream sampling of all watercourses, and a re-evaluation of historic exploration work, to further understand known occurrences of metals other than Zinc and Lead
- Further drilling at high grade Beach North zone, which remains open in almost all directions laterally and at depth
- Identification, and prioritisation, of deeper magnetic drill targets based off historic and newly captured geophysical data
- Further work on the XX deposit to understand potential for more tonnes given it contains the highest known grades anywhere on the Project (25-30% Zn)

Further insight on planned exploration work, or a joint venture at the Citronen Project, will also be provided as and when it's available.

Investor Webinar

IBG Managing Director Michael Jardine will be hosting an open Webinar at from **14:00 to 15:00 Perth time (GMT +8)** on **Tuesday 13 December** to allow shareholders to ask questions regarding this announcement. Please find details below:

- Webinar Name – Ironbark Zinc Limited Investor Webinar
- Webinar Link - <https://us06web.zoom.us/j/83331596974>
- Webinar ID - 833 3159 6974 (no password required)
- International Numbers available for phone dial in - <https://us06web.zoom.us/j/83331596974>

Further Details

This notice is authorised to be issued by the Board. Please contact Managing Director Mr Michael Jardine for any further inquiries at mjardine@ironbark.gl or +61 424 615 047.