

# Ironbark Zinc: *Citronen Project Financing Update*

March 2022



**Ironbark**   
Zinc Limited



## FORWARD LOOKING STATEMENTS

The following information is not intended to guide any investment decisions in Ironbark Zinc Limited.

This material contains certain forecasts and forward-looking information, including possible or assumed future performance, costs, production levels or rates, reserves and resources, prices and valuations and industry growth and other trends. Such forecasts and information are not a guarantee of future performance and involve many risks and uncertainties, as well as other factors. Actual results and developments may differ materially from those implied or expressed by these statements and are dependent on a variety of factors.

The Citronen Zinc project is considered to be at an early development stage and will require further regulatory approvals and securing of finance and there is no certainty that these will occur. Nothing in this material should be construed as either an offer to seek a solicitation or as an offer to buy or sell Ironbark securities. Consideration of the technical and financial factors requires skilled analysis and understanding of their context.

## JORC CODE COMPLIANCE AND COMPETENT PERSON STATEMENT & DISCLOSURE

### Competent Person Statement

The information included in this report relates to Exploration Targets, Exploration Results & Mineral Resources based on information compiled or reviewed by Ms Elizabeth Clare Laursen (B. ESc (Hons.), MAIG, MSEG, GradDipAppFin), an employee of Ironbark Zinc Limited. Ms Laursen has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Targets, Exploration Results, Mineral Resources. Ms Laursen consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The mining-specific information in this report, which relates to Ore Reserves, is based on information compiled by Mr Andrew Gasmier CP (Mining), who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Gasmier is employed full time by Mining Plus. He has sufficient experience which 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gasmier consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Competent Persons Disclosure

Ms Laursen is an employee of Ironbark Zinc Limited and currently holds securities in the company.

### Cautionary Statement

Ironbark has concluded it has reasonable basis for providing the forward-looking statements included in this presentation. The detailed reasons for that conclusion are outlined throughout this presentation. This announcement has been prepared in accordance with the JORC Code (2012) and the ASX Listing Rules. The Company believes there is a reasonable basis for the production targets and the forecast financial information and income-based valuation derived from those production targets provided in this document based on the detailed reasons and material assumptions which are outlined throughout the ASX announcement dated 19 July 2021 titled 2021 Bankable Feasibility Study Confirms Citronen as World Class Zinc Project. Ironbark is not aware of any new information or data that materially affects the information included in this ASX release, including the production targets and forecast financial information, and Ironbark confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the estimates in this release continue to apply and have not materially changed.

# Investment Highlights: Citronen Project

01

**Tier 1 orebody in scale** with substantial further exploration upside to planned 20-year mine life.

02

**Technically undemanding:**

Near surface underground mining, simple metallurgy, adjacent to deep water. Ample successful Arctic mining precedents in region.

03

**Greenland a safe and stable jurisdiction:**

Supportive government and permitting largely de-risked.

04

**70% Offtake committed** to global majors Glencore and Trafigura.

05

**Zinc market has fundamentally changed in favour of new projects** – Supportive price environment & supply chain security a clear priority.

06

**Project financing** highly advanced on debt & equity.

# Recent News

IBG is carrying significant momentum into 2022



**IBGs US EXIM Bank Preliminary Project Letter (PPL) offers up to US\$657m in ultra low cost debt funding** to cornerstone the development of the Citronen Project\*.



**IBG Board & Executive recently held in person meetings with senior EXIM Bank delegation** to discuss 2022 milestones and process; both parties highly committed to seeing Citronen developed.



**Formal strategic equity process** underway to identify prospective equity funding partners to co-invest alongside EXIM.



**World first 402(A) strategic status awarded** by US EXIM Bank in November 2021, potential for already attractive PPL terms to be further enhanced. Zinc listed as critical mineral by USGS in late 2021.



**With major progress on funding and a supportive macro environment, window is open for Citronen in 2022.**

*\*See ASX announcement 8 December 2021 for further details*

# Corporate Overview

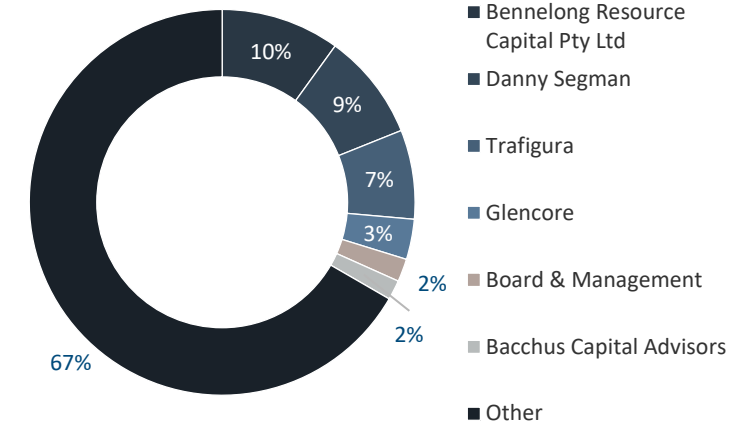
## Capital Structure

Shares on Issue	1.3 Billion
Share price (21 March)	\$0.039
\$AUD Mkt Cap	\$51m
Cash Balance (Dec 31 2021)	\$4.6m

## Price/Vol (M) - Last 12 months



## Register Analysis



## Board of Directors

### Dr. Fred Hess Non-Executive Chairman

Most recently the Managing Director of PanAust Ltd, Dr. Hess' diverse background includes roles where he managed construction, ramp up & operation of major mines in challenging environments.

### Michael Jardine Managing Director

Mr. Jardine has a background in Corporate Finance, Strategy Development & Minerals Marketing. His previous experience includes Board & Executive roles at several ASX-listed resource companies.

### Alexander Downer Non-Executive Director

Mr. Downer is Executive Chair of the International School for Government at King's College London. From 2014 to 2018, Mr Downer was Australian High Commissioner to the UK. Prior to this, he was Australia's longest-serving Minister for Foreign Affairs.

### Paul Cahill Non-Executive Director

Mr. Cahill has over 30 years of experience leading the origination, evaluation, negotiation and execution of major complex transactions as both senior adviser and principal, particularly in the natural resources sector.

### Jonathan Whyte Company Secretary

Mr. Whyte is a Chartered Accountant with extensive corporate, company secretarial and financial accounting experience, predominantly for listed resource sector companies.



## Value Drivers in 2022

1. US EXIM Phase 2
2. Strategic Equity Process
3. Offshore Listing
4. Aus Projects



# EXIM Phase 2

## What, When, Who



**What** – Process from PPL to EXIM Board approval.

**When** – Financial & legal underway; technical, environmental, shipping & market advisors due to begin work in April.

- Indicative timeline to completion - Approximately six months from appointment of full advisory panel.
- US EXIM site visit scheduled for July.

### Who

**IBG** – Bacchus Capital Advisors (London), International Trade & Transportation Inc. (Houston), Horn and Watson Capital Partners (Washington) and Latham & Watkins (Singapore).

**EXIM** – Greengate LLC (Washington), Mayer Brown LLP (Washington) and up to 4x further advisers to be appointed.

**IBG** – As Project Sponsor, is responsible for 100% of EXIM's due diligence costs.



HORN & WATSON CAPITAL STRATEGIES LLC

MAYER | BROWN

LATHAM & WATKINS <sup>LLP</sup>

### What else

- Phase 2 contains two gateways prior to going to EXIM Board – Transaction Review Committee (TRC) meetings 2 and 3.
  - IBG successfully passed TRC 1 prior to issuance of the PPL in December 2021.
- Final decision on overall leverage ratio often arrived at late in Phase 2, immediately prior to Board.
  - This will set out the minimum equity commitment required to unlock the proposed EXIM debt facility.
  - Further 402(A) flexibilities also considered prior to Board.
- Loan documentation and satisfaction of any conditions precedent to drawdown typically occur post Board approval.

# Strategic Equity Process

What, When, Who



## **What – Substantial new project equity will be a condition precedent to drawing down any EXIM debt**

- This can be new equity into Ironbark, at the Project level or some combination of both.
- This process is designed to identify, filter and ideally select one or more investors to provide this equity.



## **When**

- Process underway and anticipated to run for next several months.
- Intention for shortlisted equity partner/s to accompany EXIM due diligence team on late July site visit.
- Inter-dependent with EXIM Phase 2, development will ultimately need committed debt & equity to proceed.



## **Who**

- Targets include mid to large cap miners (public and private), downstream base metal market participants and financial investors.

## **What else**

- Potential EXIM involvement has generated fresh interest in Citronen.
- Range of valuation metrics & structures being considered to attract new equity investors.
- Bacchus Capital Advisers leading the process for IBG.



# Offshore Listing

During Construction & Operations, IBG head office will need to be closer to the Project site



**IBG exploring several options to dual list on exchanges located outside Australia given project, customer and lender jurisdictions.**

## Upside potential

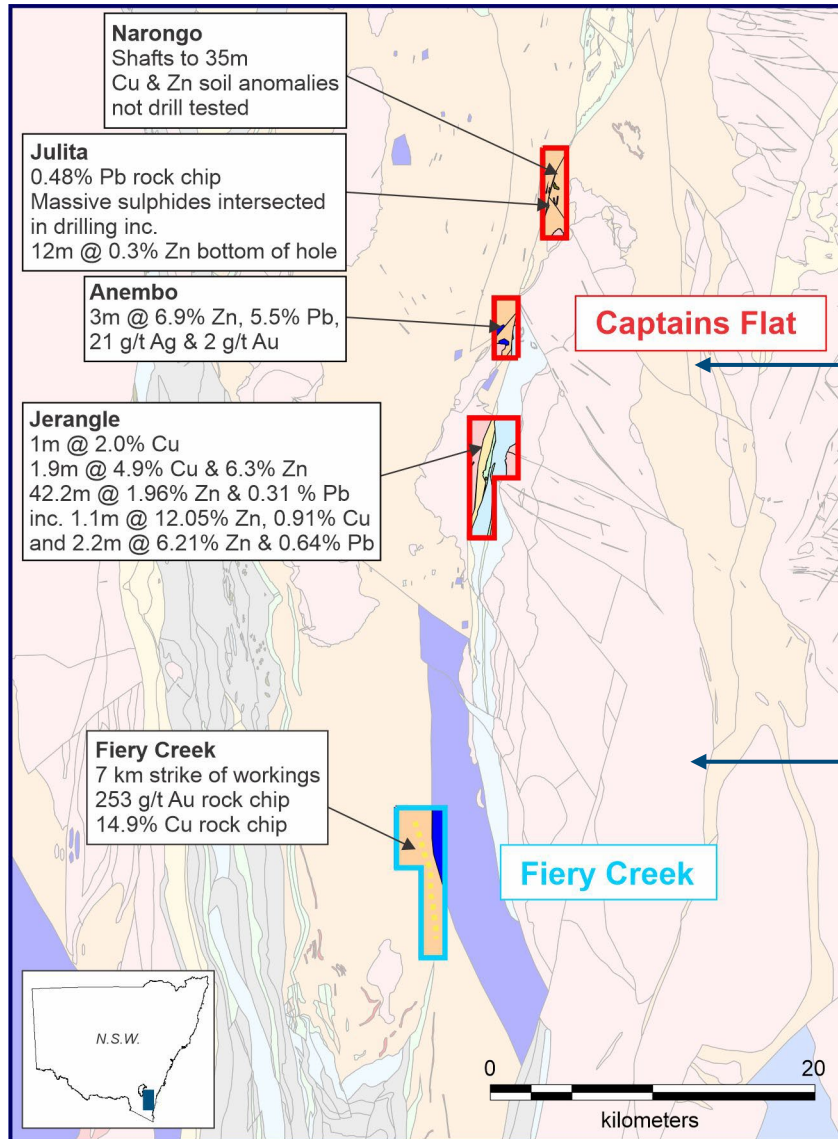


- New and larger institutional markets open to investing in potentially the largest Zinc mine in Europe.
- Greater understanding of Arctic mining in the Northern Hemisphere.
- Immediacy to the Project and key stakeholders.

## Risks to mitigate



- Dilution of liquidity.
- Need to manage investor expectations in multiple jurisdictions.



## Captains Flat, NSW (EL 6381)

- Held in 50-50 JV with Glencore Plc.
- JV partners continue to explore options to realise value from the tenement, further updates will be made available at the appropriate time.



## Fiery Creek Cu-Au Project, NSW (EL 6925)

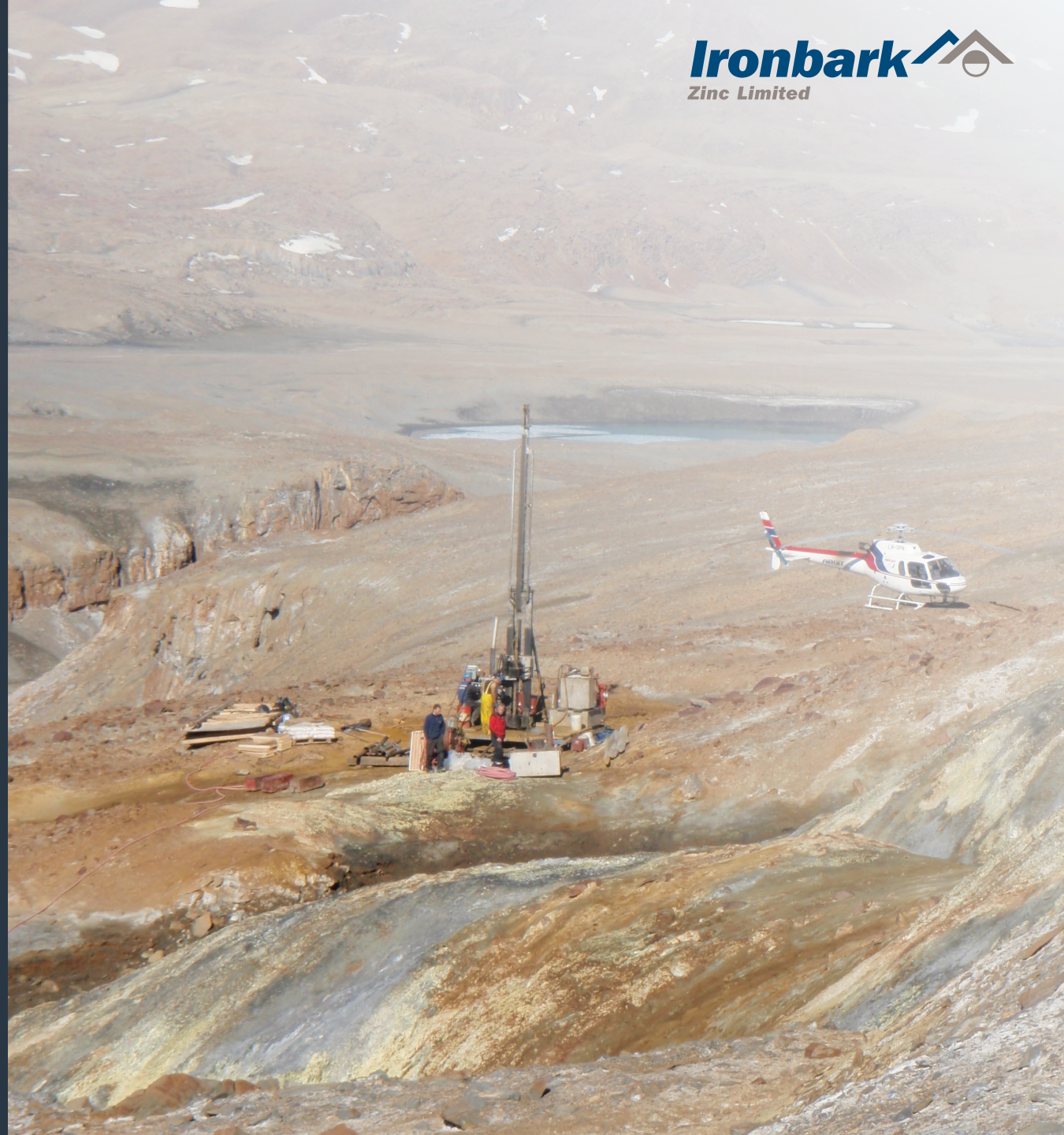
- Field survey, which must be completed prior to lodging permission to drill, has been postponed indefinitely.
  - Originally delayed in 2021 due to COVID-19 lockdowns in NSW.
  - Project has been inaccessible due to adverse weather since December 2021 and will remain the case for foreseeable future.

Board continues to believe Fiery Creek offers significant potential for high grade Cu-Au discoveries and the proposed work program will be revisited as soon as conditions allow.





# Zinc Market

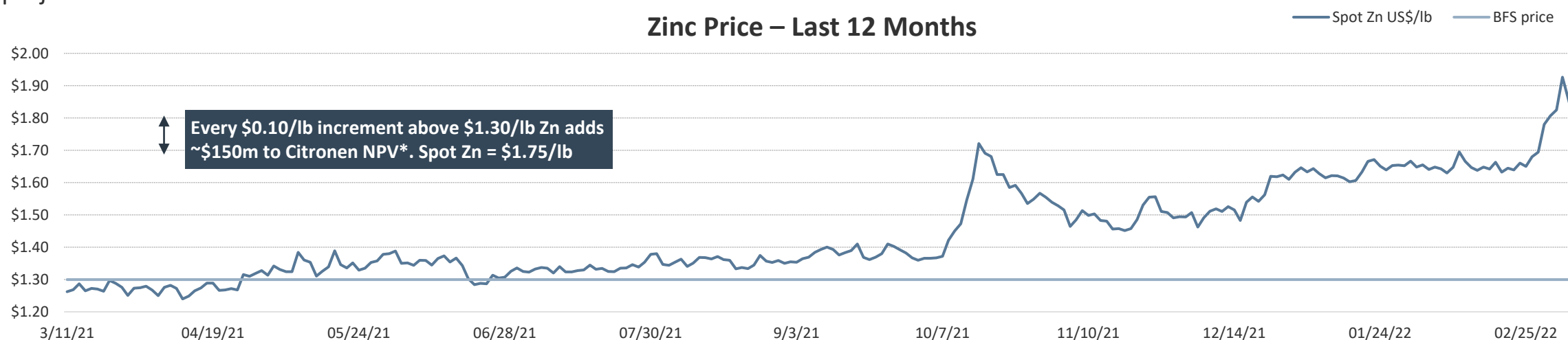




# Zinc's rapidly changing macroeconomic environment

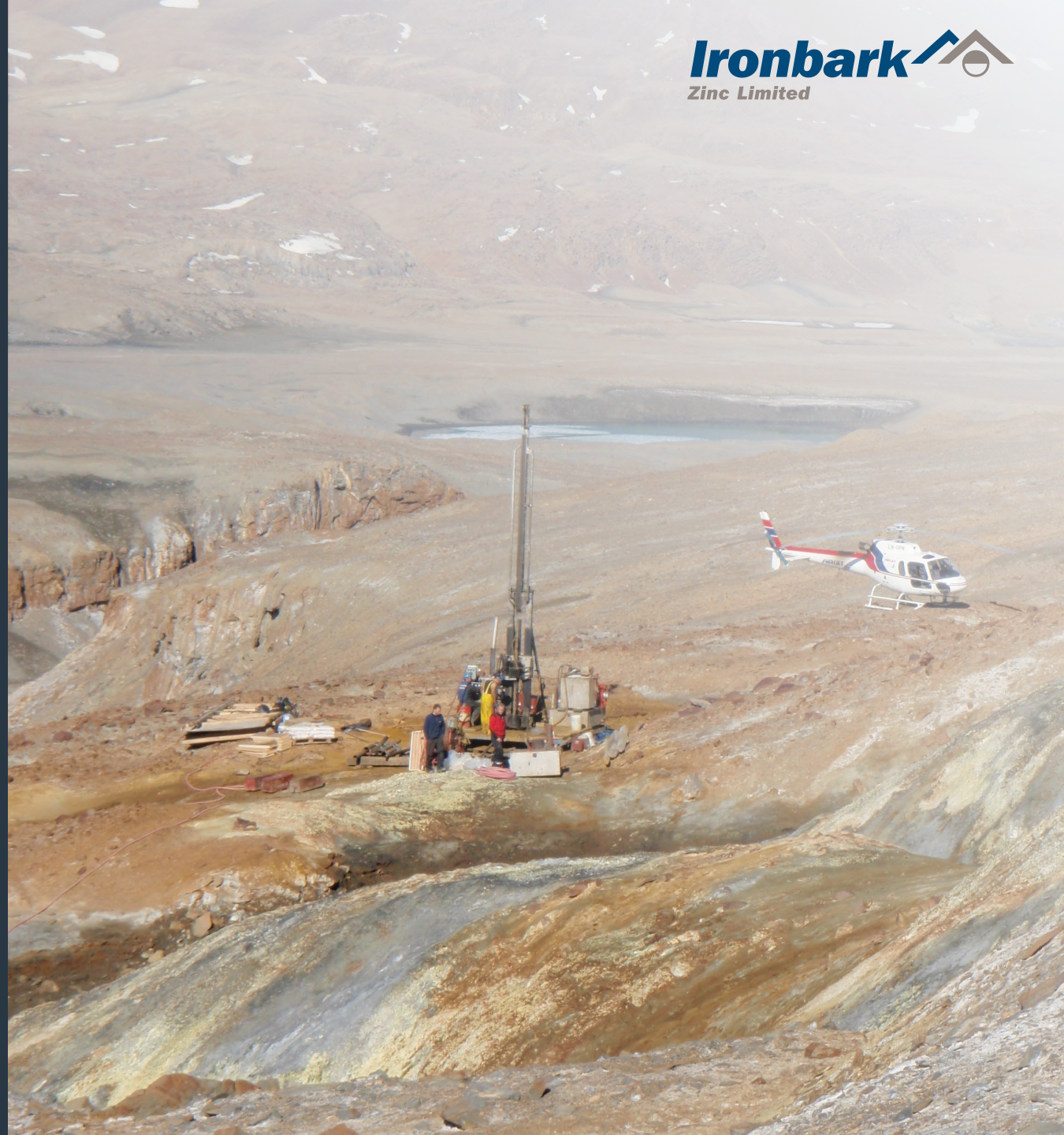
- Zinc elevated to critical mineral status by USGS in 2021. US government, via EXIM Bank, stamped Citronen with world first 402(A) status in recognition of the Project's strategic value.
- Competing new mines geopolitically fraught:
  - E.g. Ozeroye Project currently under construction in Russia is majority owned by oligarch Vladislav Sviblov;
  - Other Wood Mac "Probable" Projects (alongside Citronen) located in DRC, Algeria, Iran (amongst others); or
  - Are Chinese controlled e.g. Selwyn Project in Canada.
- Ever growing awareness of Zinc's role in reaching Net Zero given criticality to infrastructure in general, as well as specific opportunities in sectors such as offshore wind (heavy on galvanised steel), solar PV and batteries.
- Elevated metal pricing reflective of new reality – Growing demand, splintered and competing value chains and long term under-investment in new projects.

**Zinc Price – Last 12 Months**



\*For further information on NPV sensitivities please see ASX release dated 19 July 2021. The material assumptions underpinning the production target and forecast financial information continue to apply and have not materially changed.

# Citronen: Refresher



# Mineral Resources and Ore Reserves

**Table 1 – Ore Reserves**

Category	Tonnes (Mt)	ZnEq Grade (%)*	Zn Grade (%)	Pb Grade (%)	ZnEq Metal (Mt)	Zn Metal (Mt)	Pb Metal (Mt)
Proved	24.6	5.1	4.6	0.5	1.2	1.2	0.1
Probable	24.2	5.1	5.0	0.4	1.2	1.1	0.1
<b>Total (P&amp;P)</b>	<b>48.8</b>	<b>5.1</b>	<b>4.8</b>	<b>0.5</b>	<b>2.5</b>	<b>2.3</b>	<b>0.2</b>

The Ore Reserve is based on Measured and Indicated Resources only and does not include any Inferred Mineral Resources. The Mineral Resources for the Citronen Project, on which these Ore Reserves are based, are summarised below in Table 2.

*The Ore Reserve is based on Measured and Indicated Resources only and does not include any Inferred Mineral Resources. The Reserve and Resource information was disclosed an announcement to the ASX released on 19th July 2021: “2021 Bankable Feasibility Study Confirms Citronen as World Class Zinc Project” Ironbark confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement*

**Table 2 – Mineral Resource Estimate\***

Category	Tonnes (Mt)	Zn (%)	Pb (%)
Measured	34.3	4.4	0.5
Indicated	28.4	5.3	0.5
Inferred	22.0	4.6	0.4
<b>Total</b>	<b>84.7</b>	<b>4.7</b>	<b>0.5</b>

*\*Calculated using Ordinary Kriging interpolation.*

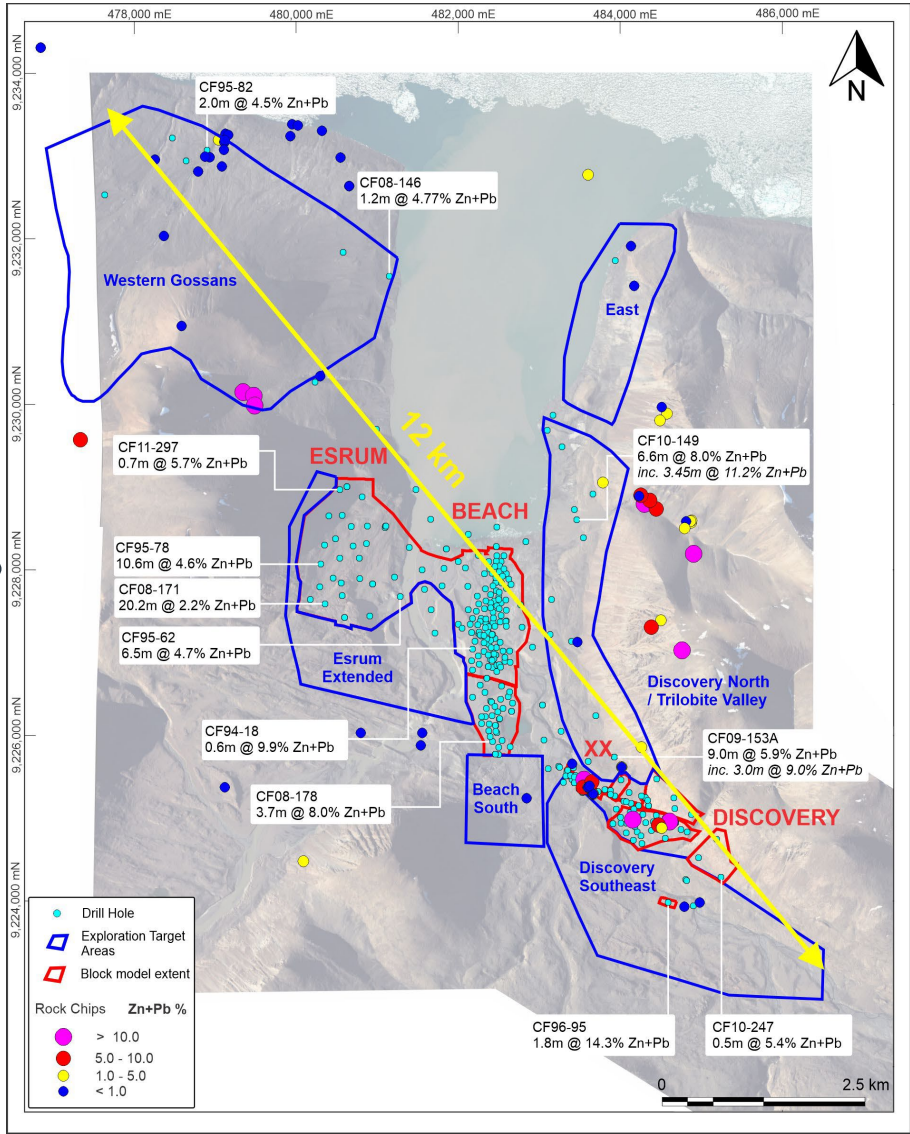
*JORC Table 1 included in an announcement to the ASX released on 19th July 2021: “2021 Bankable Feasibility Study Confirms Citronen as World Class Zinc Project”. Ironbark confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.*



# Geology

## Block Model & Exploration Targets

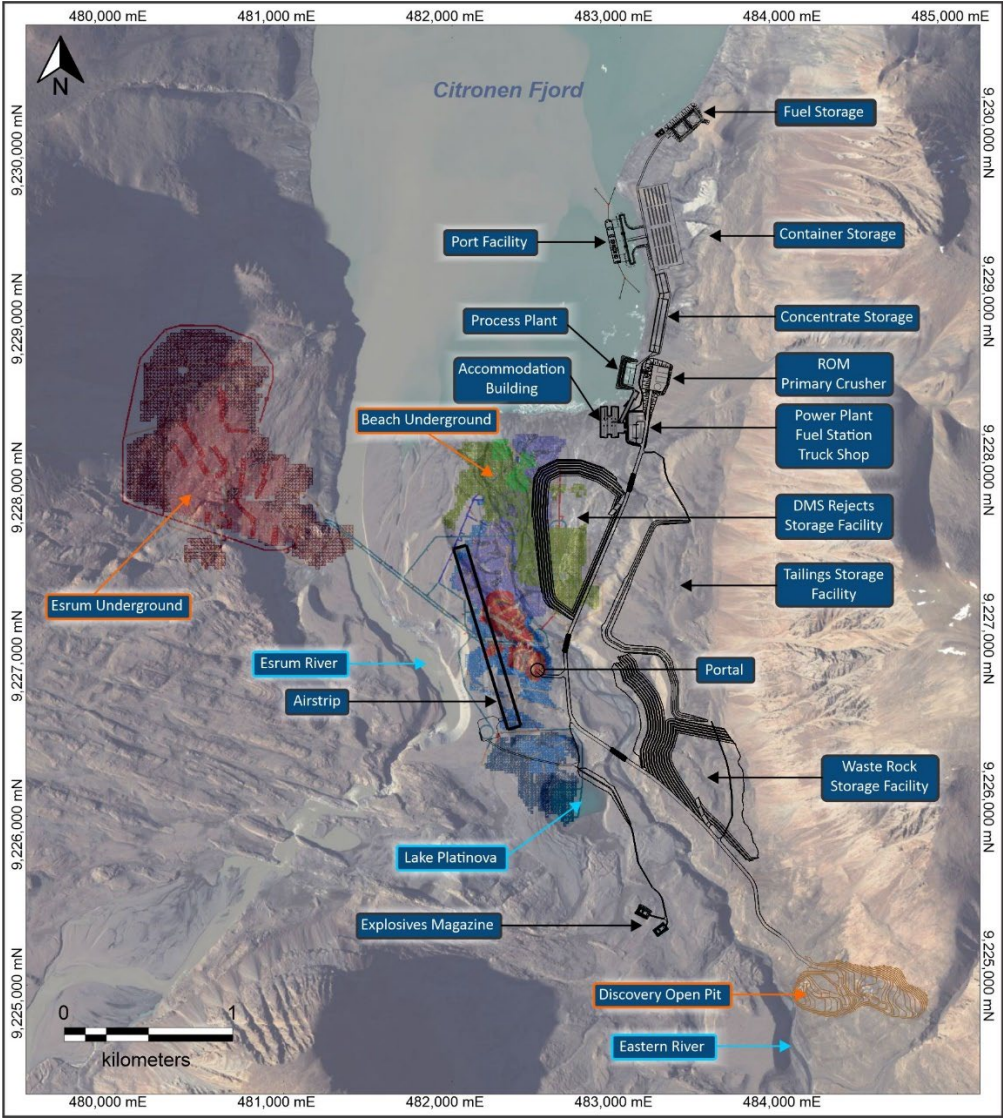
Citronen Project drill holes, block model extent and exploration target areas highlighting the strike length of known mineralisation and high-grade drill intercepts, including outside or at the edge of the current block model extent. Current 85Mt Mineral Resource inside red envelope only.



For further information please see ASX release dated 25 August 2021

# Project Layout

Figure showing planned mine and surface infrastructure at the Citronen Project.



For further information please see ASX release dated 25 August 2021

# 2021 BFS Results

Pragmatic set of assumptions underpins robust financial case; significant leverage to Zinc price

## Production



- 20 year mine life @ 3.3Mtpa
- 65Mt processed @ 4.7% Zn & 0.5% Pb
- 2.5Mt Zn metal produced LOM

## Resource



- Ore Reserve: 49Mt @ 4.8% Zn & 0.5% Pb
- Mineral Resource: 85Mt @ 4.7% Zn & 0.5% Pb

## Financial (@ \$1.30/lb Zn)



- NPV<sub>8</sub> \$363m; IRR 15.2%; LOM post tax free cashflow (fcf) \$1.46bn
- Capex \$654m; C1+Sustaining Capex / lb payable Zn \$0.68/lb years 1-5, \$0.76/lb LOM

## Upside Case



- Conservative assumptions – Capex, opex, contingency all up; lower Zn price
- **Leverage – every \$0.10 movement (vs. 1.30/lb) +/- \$150m to NPV and \$360m to post tax fcf**
- Exposure to multiple price future price cycles

*All dollar figures are in US\$; for further information please see ASX release dated 19 July 2021*



# Project Financing Fundamentals



Citronen Capital Cost Estimate (July 2021) of \$654m includes contingency of \$49m.

It is possible that a cost overrun facility of some sort will also be required by US EXIM Bank to ensure project completion.



This capex estimate excludes working capital which is impacted by seasonality factors.

I.e. mining & processing occur year round but resupply & export is loaded into spring and summer.



To assist with smoothing cash flow, it is possible that a working capital or stockpile facility will be required for the Project to proceed.




There will also be a minimum equity component required to accompany any project debt.

EXIM have not yet indicated what level of minimum equity will be required however this will be resolved in Phase 2.



Complete project financing package may therefore ultimately require:

Debt + Cost Overrun + Working Capital + Equity.



*Authorised by the Board*

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