

# Ironbark Zinc Ltd

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## Ironbark Zinc courts build-to-operate partners for Citronen mine as field operations begin

Ironbark Zinc Limited (ASX:IBG) has started its latest field season in Greenland with a firm focus on pursuing financing options to build the massive Citronen zinc mine in association with investors and partners.

The company is seeking to reduce the capital expenditure costs of its wholly-owned project with strategic deals such as the recent mining services agreement it unveiled with Byrnegut Offshore Pty Ltd last Friday.

Ironbark Zinc managing director Jonathan Downes told Proactive Investors the company's approach was to progressively knock off items from the US\$514 million capital cost of the Citronen project.

"What we're hoping to do is get some of the providers of certain services to see if they could assist us with the financing.

"For example, it's unusual for a small mining company to have the entire mining fleet on its own balance sheet, normally they'd have a contract miner in; it's usual that we would own our own power station; it's unusual we would have our own ship loader.

### READ: Ironbark Zinc enters mining services agreement for Citronen project in Greenland

"So what we're trying to do now is attract equipment suppliers of these items, to see if they could be bought in under a financing agreement.

"That has the potential to take about \$150 million off our capital expenditure costs and would be a big step in terms of the overall financing and there is potential, given we own 100% of this and it's such a large project that a partner would help resolve the balance of the capital as well."

The company's strategy is to convert capital costs into build-to-operate agreements that could reduce costs and lift the internal rate of return for the project.

A previous estimate that converted US\$245 million of the capital cost in build-to-operate deals estimated the internal rate of return for the project would go up from the feasibility study estimate of 23% to 36%.

**Price:** A\$0.016

**Market Cap:** A\$11.35M

### 1 Year Share Price Graph



### Share Information

**Code:** IBG

**Listing:** ASX

**52 week High Low**  
A\$0.05 A\$0.02

**Sector:** Mining

**Website:** [www.ironbark.gl](http://www.ironbark.gl)

### Company Synopsis:

*Ironbark Zinc Ltd (ASX:IBG) is listed on the Australian Securities Exchange.*

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The planned portal location at Citronen Fjord.

Financiers take a look

Ironbark will be showing around potential financiers, especially from Europe, during the field season underway this month.

Downe said: "We're running numerous site tours now for potential financiers, bankers, industry groups to private equity groups."

**READ: Ironbark zinc set to begin site activities at Citronen Zinc Project in Greenland**

The company has teamed up with UK-based major project finance facilitators from Cutfield Freeman & Co Ltd to court potential financiers.

Downe said Cutfield staffers would "be helping us tie the financing packages together".

Ironbark had \$5.2 million in cash at the end of the June quarter to fund its current development operations this year which will include the ship-sail and establishing the ground portal on a rock outcrop at its planned underground Beach Zone.

The JORC 2012-compliant resource for Citronen's zinc and lead assets.

Costs factor in inventory

Ironbark's September 2017 feasibility study targeted a 14-year mine life where 180,000 tonnes a year of zinc and 25,000 tonnes per annum lead would be

produced for the first five years.

The US\$514 million estimate averages out to US66 cents for each pound of zinc produced from Ironbark's mining inventory.

Ironbark's inventory of 45 million tonnes grading 5.3% zinc and 0.5% lead is found in a 70 million tonne mining resource grading 5.1% zinc and 0.5 lead.

The company's resource is large and could see it become one of the top five zinc producers in the world if all goes ahead.

Ironbark is also awaiting testing results for the treasured semiconductor of germanium but this element is not factored into the company's resource.

### **READ: Ironbark zinc secures services of 30,000-tonne cargo ship**

The Citronen project is near a deepwater fjord where a port is planned.

Ironbark needs to prove vessels can travel in and out to commercial destinations from the fjord and is deploying a vessel known as Nunavik this season to prove the concept.

Ironbark's vessel Nunavik will sail into the fjord the company hopes will become

a shipping port.

READ: Ironbark zinc secures services of 30,000-tonne cargo ship

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Contract miner on board

Ironbark's memorandum of understanding (MOU) with internationally-recognised, three-decade-old underground mining contractor Byrncut is expected to result in the two organisations nutting out a formal commercial agreement that covers project stages and performance margins.

Byrncut will also help Ironbark meet training and employment obligations in Greenland.

Downes reported the agreement gave Ironbark "bolt-on" underground expertise which the company viewed as a positive step towards financing and delivering its development project.

Ironbark's feasibility study envisaged shallow underground mining and conventional dense-heavy medium separation or floatation processing methods.

The five-year spot price for zinc.

Zinc heavyweights buy in

Downes acknowledged the company's capital structure remained "fairly tight".

The largest smelting house in the world, Switzerland-based Nyrstar NV (EPA:NYR) (FRA:3NY1) (OTCMKTS:NYRSY), is Ironbark's largest shareholder, and is joined on the register by the world's largest zinc miner and marketer Glencore PLC (LON:GLEN) (JSE:GLN) (OTCMKTS:GLNCY).

**READ: Ironbark Zinc appoints Nyrstar nominee Maciej Sciazko to its board**

Glencore typically has about 65% of the world's zinc under contract at any point in time.

Zinc stockpiles have been eroded over the past five years.

Future shines brightly

Ironbark's managing director said he believed the price of zinc had a bright future, noting global consumption of the metal increased about 3.5% a year.

Zinc is used in alloys such as brass, nickel, silver and aluminium solder, while zinc oxides are used in batteries, electrical equipment, pharmaceutical drugs and over-the-counter formulations such as vitamins, plastics, paints and rubber.

Downes said: "It's the fourth most used metal in the world, it's not substitutable and (China) has typically consumed half of the world's zinc and produced half of the world's zinc.

"But in the last few years we've seen much stricter environmental regulations in China, really cramping production.

"The Chinese used to increase production when the zinc price rallied and this time we have seen a very strong zinc price rally but we're not seeing a big supply response out of China.

"There's been a fundamental shift and I don't see those regulations being reduced from here on in, so that bodes very well for clean, fresh modern operations elsewhere around the world."

Ironbark and Downes believe they have a modern operation to meet demand for zinc.

Downes said: "We're looking a little further ahead and building the team and getting those parties involved that we need to.

"It's full steam ahead, trying to build the mine. If everything goes according to plan it will be a great thing to close off."

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