



31 October 2014

Quarterly Report 30 September 2014

Wilcherry Hill Project

During the quarter the 62% Fe bench mark price for iron ore, landed in China (CIF), fell from USD\$94 to USD\$82.

In response to the falling iron ore price and heavy discounting of lower grade iron ores, IronClad continued to investigate opportunities to commence production, add value to the project and provide a return for shareholders.

The Stage 1 Iron Ore pit will now focus on high grade (%60 Fe) Direct Shipping Ore (DSO) only. The starter pit is expected to mine between 400,000 and 600,000 tonnes over a period of approximately 6 to 7 months.

A statutory exemption is currently in place pursuant to Section 79 of the Mining Act, exempting IronClad from a requirement to commence operations. An interim environmental bond of \$300,000 has also been negotiated and is in place to manage current liabilities.

Together these regulatory initiatives are protecting leases and mining rights while financing and project implementation plans are progressed.

Trial pit

On the 21/8/2104 the Company, as manager of the Wilcherry Hill Joint Venture, announced that it was progressing discussions regarding the potential sale of direct ship ore to Arrium Mining in Whyalla, South Australia.

If agreement is reached with Arrium, it is the Joint Venture's intention to mine an initial trial pit at the Weednanna deposit. A trial pit has been designed to generate both high grade iron ore for direct sale and bulk samples for ongoing beneficiation test work.

In late August negotiations were held with Department of State Development – Mining Projects (Formerly DMITRE) regarding the approval requirements to support the commencement of the trial pit.

As a result, an executive summary style amendment to the current Program of Environmental Protection and Rehabilitation (PEPR) outlining the details of the proposed trial project, is in preparation. Discussions with Arrium remain ongoing.

The trial pit's commencement date is dependent on a number of factors including :-

- a favourable iron ore price outlook.
- a commercially viable agreement being reached with Arrium Mining; and
- the finalisation of mining and haulage contracts.

ASX CODE: IFE

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Lucky Bay Common User Export Facility (CUEF)

Detailed design of the land-based facilities, was completed during the quarter. IronClad has now progressed as far as possible with all approvals and infrastructure tasks for Lucky Bay.

Sea Transport Ltd as the nominated port operator for the Lucky Bay CUEF is progressing negotiations with SA Government Minister for Transport over the granting of a formal Port Operating Agreement for the CUEF through the Harbours and Navigation Act.

There was no further activity with regards to Lucky Bay in the quarter.

EXPLORATION ACTIVITIES – Ironclad / Trafford Resources JV - Tenements (EL 5164, 5299, 4286 & 4421)

Overview

During the September quarter the Company's focus for exploration was on re-evaluating the near surface DSO potential at the Hercules Prospect.

Results for the previous quarter's reverse circulation drilling at the Hercules East and North Prospects were released during the quarter.

Following signing of the MOU with Arrium (IFE ASX Release 21/8/2014) mine design studies were initiated to determine the optimal location for the trial pit at Wilcherry Hill.

Information on these activities is summarised in this report.

Iron Exploration

A program of detailed geological mapping and sampling to re-evaluate the near surface DSO potential at the Hercules Prospect commenced during the quarter. The prospect lies approximately 15km to the south east of the Company's iron deposits held by the Wilcherry Hill Joint Venture (Figure 1).

Two phases of exploration have been carried out at the prospect previously. In 2008 a drilling campaign led to the delineation of an Inferred Resource of 194Mt @27.1% FE (IFE ASX Release 22/12/2008). A second round of broad paced drilling in early 2013 sought strike extensions to the resource. Prospective banded iron formation (BIF) stratigraphy was intersected over a 7km strike length (IFE ASX Release 1/5/2013).

The information collected, along with a reinterpretation of the existing geological drilling data, will be used to update existing exploration models to generate targets for evaluation. Drilling programs will be planned pending positive reassessment of the prospectivity.

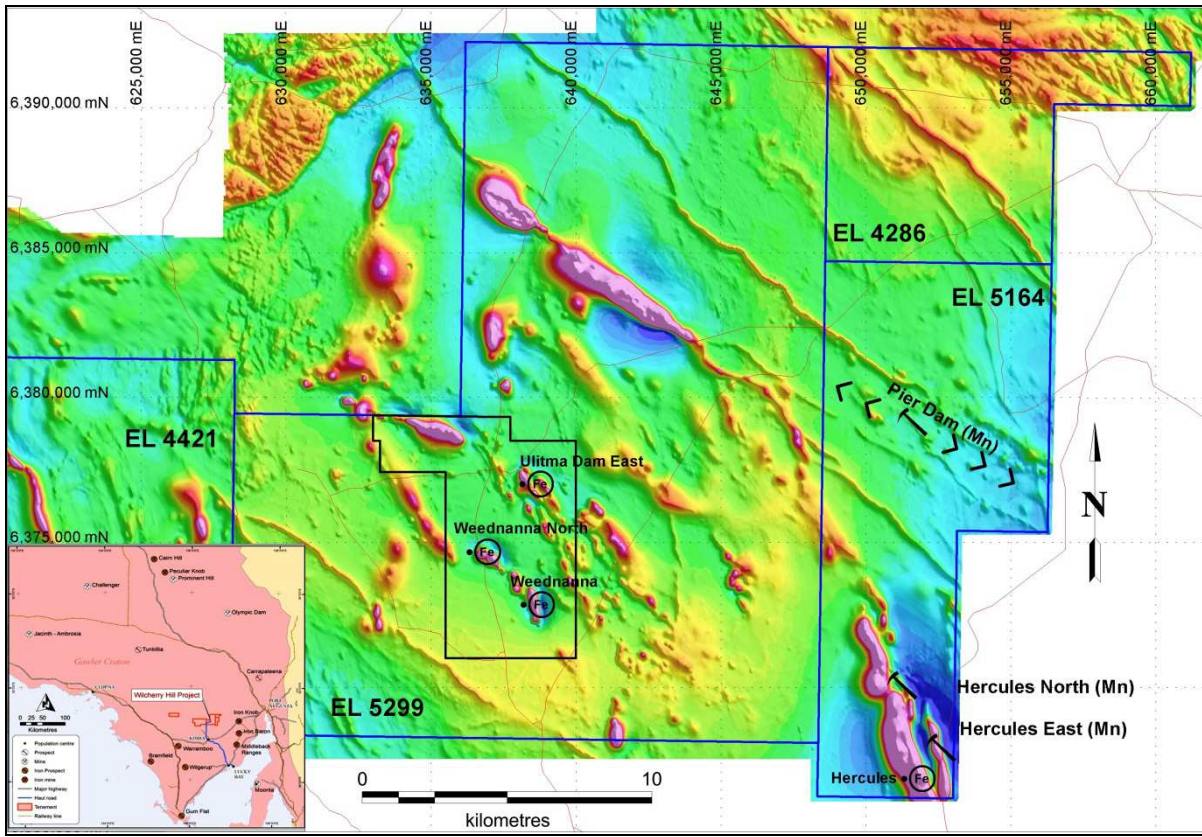


Figure 1 Pier Dam, Hercules Fe and Hercules East / North Mn Prospect Location Plan (image is total magnetic intensity)

Manganese Exploration

Limited exploration for manganese continued with a focus on the Hercules East, North and Pier Dam Prospects (Figure 1). Both these prospects lie within the Joint Venture’s 100% owned Eurilla Dam EL 5164 tenement approximately 15km south east of the Company’s Wilcherry Hill iron deposit.

Hercules East and North Manganese Prospects

Reverse circulation drilling was completed at both prospects during the previous quarter (IFE ASX Release 15/5/14). The combined program comprised 26 holes for 2,187m. Full drilling results and supporting data were released during the quarter (IFE ASX Release 18/9/2014).

Follow up drilling at the Hercules East Manganese Prospect, was designed to test for up dip and strike extensions to the mineralisation intersected during the January 2014, 7 hole drilling campaign.

The objective at Hercules North Manganese Prospect, was reconnaissance exploration to assess the potential of the anomaly identified in the surface geochemical survey and follow up drilling, testing the extent of the previous manganese intersection in hole 13HCRC001 (7m @ 20.2%).

Encouraging intercepts of manganese mineralisation were again recorded. Highlights include:

- 8m @ 16.8% Mn (14HCRC014, 32 - 40m)
- 5m @ 28.22% Mn (14HCRC017, 11-16m)
- 5m @ 19.46% Mn (14HCRC023, 33 – 38m)
- 5m @ 24.72% Mn (14HCRC031, 8 – 13m)



Hercules East

Fifteen holes at nominal 50m x 50m spacing were completed. The results extended the mineralisation intersected in January 2014 to a total strike length of 250m. Mineralisation was extended up dip to the east by 35m.

Seven of the holes intersected anomalous manganese (Mn) mineralisation. Significant downhole intercepts greater than 10% Mn and minimum downhole width of 3m are listed in Table 1 below. A complete listing of results is contained in the supporting information section of IFE ASX Release 18/9/2014.

Hole ID	Depth (m)		Length (m)	Mn%	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	LOI%
	From	To								
14HCRC017	11	16	5	28.22	17.59	11.14	4.29	0.09	0.01	14.97
14HCRC023	33	38	5	19.46	26.66	23.77	1.19	0.18	0.01	8.64
14HCRC033	55	58	3	21.13	22.72	25.26	1.96	0.11	0.02	9.64

Table 1: Hercules East Manganese Prospect. Composite Intercepts above a 10% Mn cut off and 3m downhole width.

Banded iron formation (BIF) stratigraphy was intersected in all holes. Nine of the holes intersected iron grades of +30% Fe over broad widths up to a maximum of 26m downhole.

Hercules North

Eleven drill holes were completed in this prospect area. Nine holes were aimed at testing a broad lag geochemical anomaly (IFE ASX Release 1st May 2014) and 2 were designed to follow up the previous manganese intersection in hole 13HCRC001 (7m @ 20.2%). Drill holes spacing were up to 200m x 50m

Significant downhole intercepts greater than 10% Mn with a minimum down hole width of 3m are listed below in Table 2. A complete listing of results is contained in the supporting information section of IFE ASX Release 18/9/2014.

Hole ID	Depth (m)		Length (m)	Mn%	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	LOI%
	From	To								
14HCRC014	32	40	8	16.81	16.27	25.68	9.89	0.14	0.05	12.40
14HCRC016	14	17	3	17.53	9.32	47.23	3.70	0.09	0.09	8.91
14HCRC031	8	13	5	24.72	12.83	21.30	9.30	0.10	0.26	12.93

Table 2: Hercules North Manganese Prospect. Composite Intercepts above a 10% Mn cut off and 3m downhole width.

Four of the reconnaissance holes intersected anomalous manganese mineralisation at greater than 10% Mn, the highlight being 14HCRC031 returning 5m @ 24.7% Mn from 8 – 13m down hole. Drill hole spacing was up to 200m x 50m in this area. At this stage it is believed that the source of the Manganese geochemical anomaly has not been fully tested.

Follow up drilling of hole 13HCRC001 confirmed an up dip extension to the mineralisation with 14HCRC014 intersecting 8m @ 16.8% Mn from 32m – 40m.

Banded iron formation sequences similar to those intersected at Hercules East were logged in all 11 holes.



Pier Dam Prospectivity

Geological mapping and surface rock chip sampling has now been completed over the 50km² area that is the Pier Dam Mn prospect. The results verify the corridors of historically, significant manganese mineralisation noted at this prospect since the late 1970's by previous explorers.

Scattered outcrops and sub-crops of surface enriched manganese oxide mineralisation occur throughout the prospect area and define the 8km NW trending Pier Dam manganese corridors.

A compilation of recent and historic surface rock chip samples is shown in Figure 2. Mn% values, plotted as scaled circles clearly illustrate this highly prospective manganese trend. High grade manganese values range from 15.5% - 44.2% Mn.

A reconnaissance Rotary Air Blast (RAB) program has been designed to test the depth continuation of the surface mineralised zones at a number of locations.

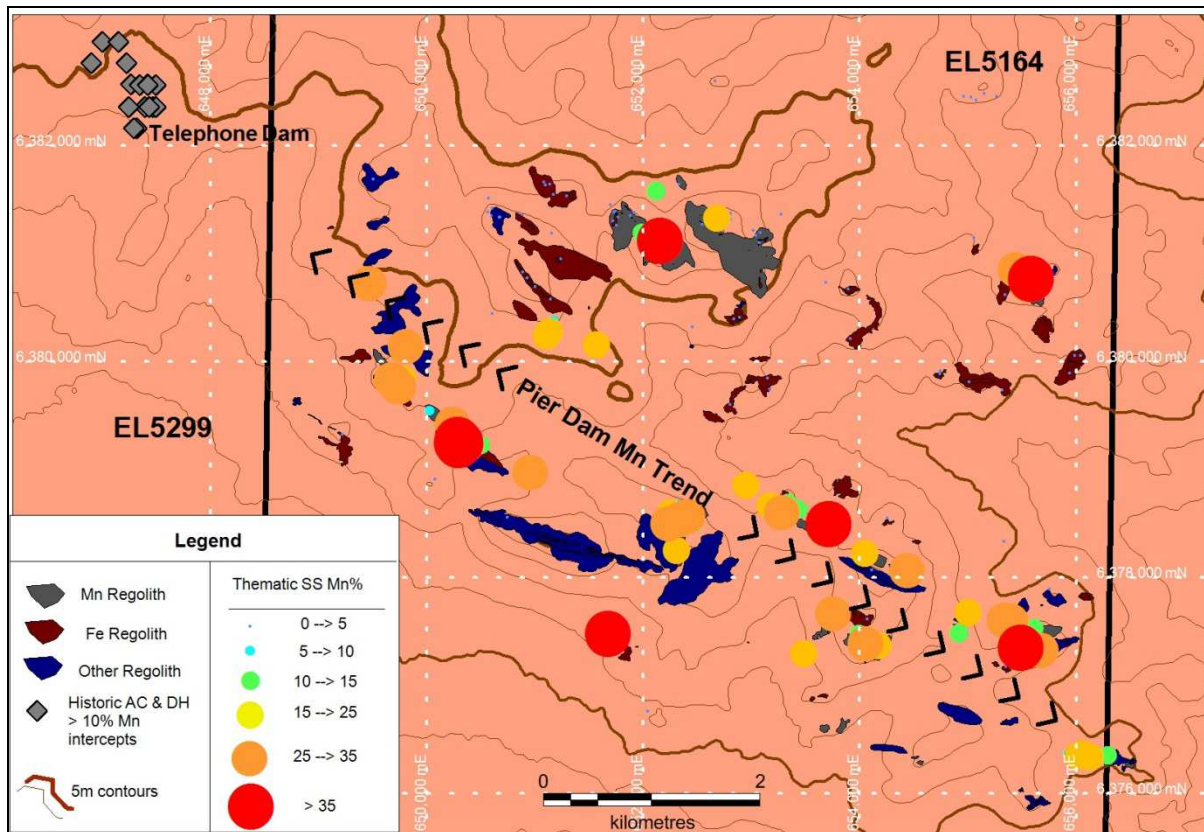


Figure 2 Pier Dam Prospect showing manganese results of historical and recent surface rock chip sampling. Circles are coloured and scaled according to Mn values.



Manganese Processing Desktop Study

A preliminary desktop study into the processing of manganese ores from Ironclad's Hercules and Pier Dam prospect was completed.

Surface ore samples and drill chips have shown a declining iron ore content with increasing manganese grade which may lead to production of at least two products - a manganese ore with low iron content and a manganese/iron ore with higher iron content.

Preliminary test work on the manganese mineralisation to date indicates that gravity concentration appears the most likely (IFE ASX Release 30/10/13).

Financing

During the quarter discussions were held with a number of potential investors interested in securing long term iron ore off take agreements. Discussions are ongoing.

Marketing and Shipping

The recently constructed 57m powered transshipping barge constructed in Guangzhou, China, is nearing completion. The barge is currently being offered for sale.

Health, Safety, Environment and Community Performance

There were no health, safety, environmental or community incidents during the quarter.

Indigenous Access Survey

Following the completion of indigenous clearances in May /June a further supplementary clearance was carried out in July. The supplementary clearance was required to reduce the exclusion areas recommended in the previous clearance and gain more understanding of the nature of the sensitivities and negotiate access to key target areas.

The final reports were received, reviewed and finalised in August with the support of the Gawler Ranges Aboriginal Corporation. Approval is now in place and Black Hills South West, Reddon Dam, Olympic Hill and Pier Dam are now cleared for exploration to begin as required.

Competent Person Statement

The information in this announcement that relates to exploration results is based on information compiled by Chris Mroczek, who is a Member of The Australasian Institute of Mining and Metallurgy and who has more than five years' experience in the field of activity being reported on and is the Chief Geologist of the Company.

Mr. Mroczek has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken 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. Mroczek consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DISCLAIMER

This report contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of IronClad, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements.

Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based.

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