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30<sup>th</sup> October 2009

## **QUARTERLY REPORT to 30th SEPTEMBER 2009**

### **Highlights**

- **Direct Shipping Ore (DSO) to be Fast-Tracked**
- **Drilling for more DSO magnetite commenced**
- **Preliminary Pit Designs completed**
- **Testwork commenced on upgrading near DSO magnetite**

### **Corporate**

The Directors of IronClad Mining (ASX: IFE) are pleased to report that the Wilcherry Hill Iron Project has made an exciting advancement with the decision to focus on low-cost, early production from near surface, direct shipping (DSO) grade magnetite.

There continues to be keen interest from overseas in IronClad's high quality ore, particularly as steel producers look to diversify their supply away from the major producers. Numerous meetings with potential offtake/JV partners have reaffirmed to the Directors that there is strong competition for IronClad's superior resources.

IronClad has retained a sound cash position, with approximately \$3M cash at bank by the end of the quarter.

## DSO Drilling Update

IronClad began an RC drilling program to quantify the tonnages of near surface DSO mineralisation and thereby fast-track early, low cost production. The drilling follows the discovery of iron grades up to 65% Fe at a 150x40m outcrop at Ultima Dam West. On completion of the drilling in September, 52 holes (4037 metres) had been drilled.

Although no laboratory assay results were available by the end of September, the handheld XRF analyser has identified in many holes the presence of likely DSO grade iron at Weednanna, Weednanna North and Ultima Dam West. The early signs are therefore encouraging that a DSO operation will be viable. This information expands the existing known shallow DSO grades confirmed by costeaning in the previous quarter at Ultima Dam East. It is anticipated that DSO can be sourced from at least four prospects in the Wilcherry Hill area, with potential to expand on these initial areas previously reported at Hercules, where testwork has already identified the presence of DSO grades in bulk samples.

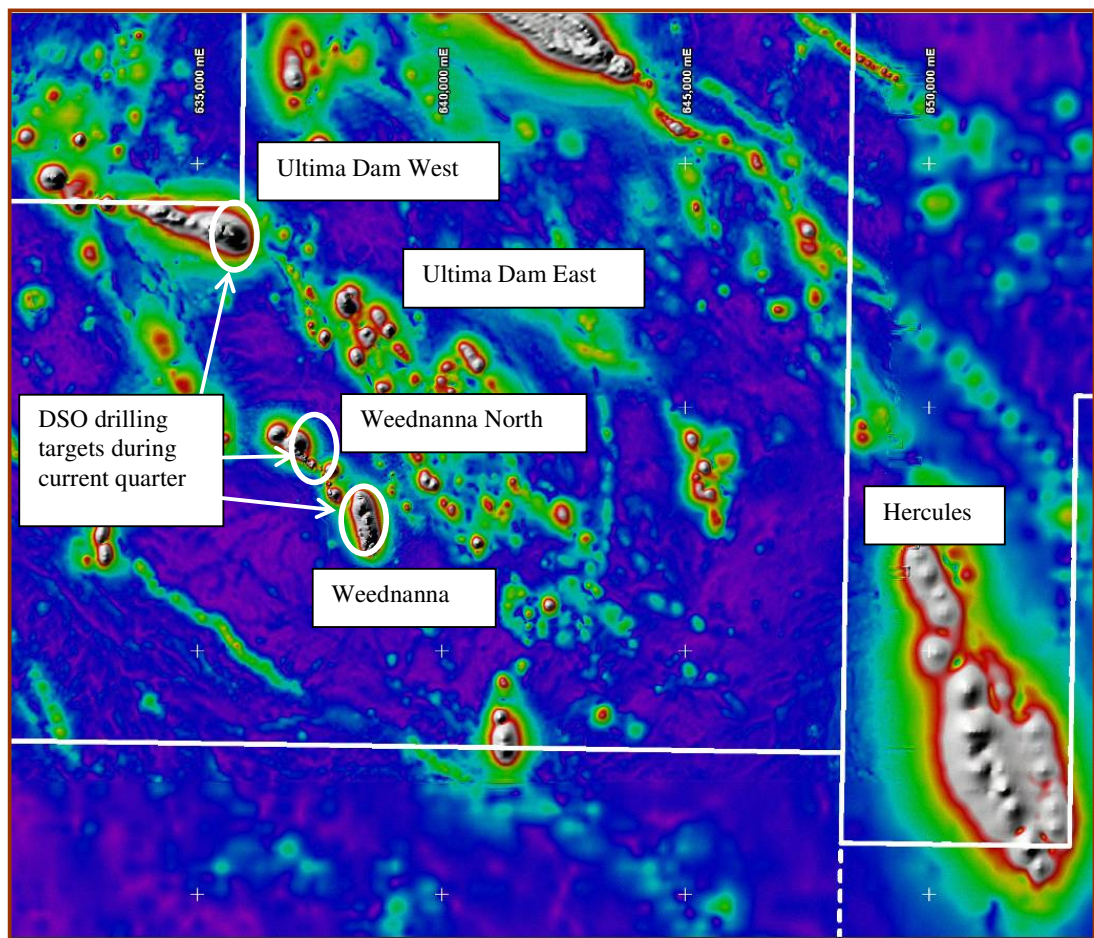


Figure 1: Magnetic images showing DSO prospects and current drilling areas

## **Wilcherry Hill Iron Project Update**

During the quarter, the project feasibility study continued in-house, and has now been restructured to include the DSO mining as the initial start-up stage for development of the Wilcherry Hill Iron Project.

The Project strategy is now represented in four stages:

- Stage 1: Development of near surface DSO resources at Wilcherry Hill targeting 1Mtpa start-up;
- Stage 2: Expansion to include low-cost processing of high grade near-DSO ore (for example dry magnetic separation);
- Stage 3: Beneficiation of coarse crystalline magnetite resources at Wilcherry Hill (~2Mtpa);
- Stage 4: Development of huge magnetite resources at Hercules (~10Mtpa)

These stages are built on a solid foundation of past drilling programs which have defined robust resources, including 60Mt at Wilcherry Hill and 216Mt in total at Hercules. As the initial DSO-Stage 1 progresses, continued exploration at Wilcherry Hill, Hercules and regional untested targets is expected to define additional DSO tonnages and magnetite for beneficiation.

During the quarter, IronClad undertook preliminary pit design optimisations and geotechnical analysis. This work has successfully designed pits for a number of different project scenarios (see for example Figure 2) and will form the basis of ongoing study work and approvals. IronClad also submitted bulk samples for drop testing (to determine lump to fines ratio) and upgrading of near-DSO material.

IronClad has continued to progress the necessary project approvals. The applications for Mineral Claims over approximately 40km<sup>2</sup> at Wilcherry Hill were expanded to include the Ultima Dam West prospect. Native Title negotiations for mining are scheduled to commence next quarter.

Port Bonython remains IronClad's port preference for the long term export of its product, given its close location, deep water, and existing infrastructure. For the more immediate export of DSO ore, two existing ports have been identified and detailed investigations are underway to determine the optimum integrated logistics solution.

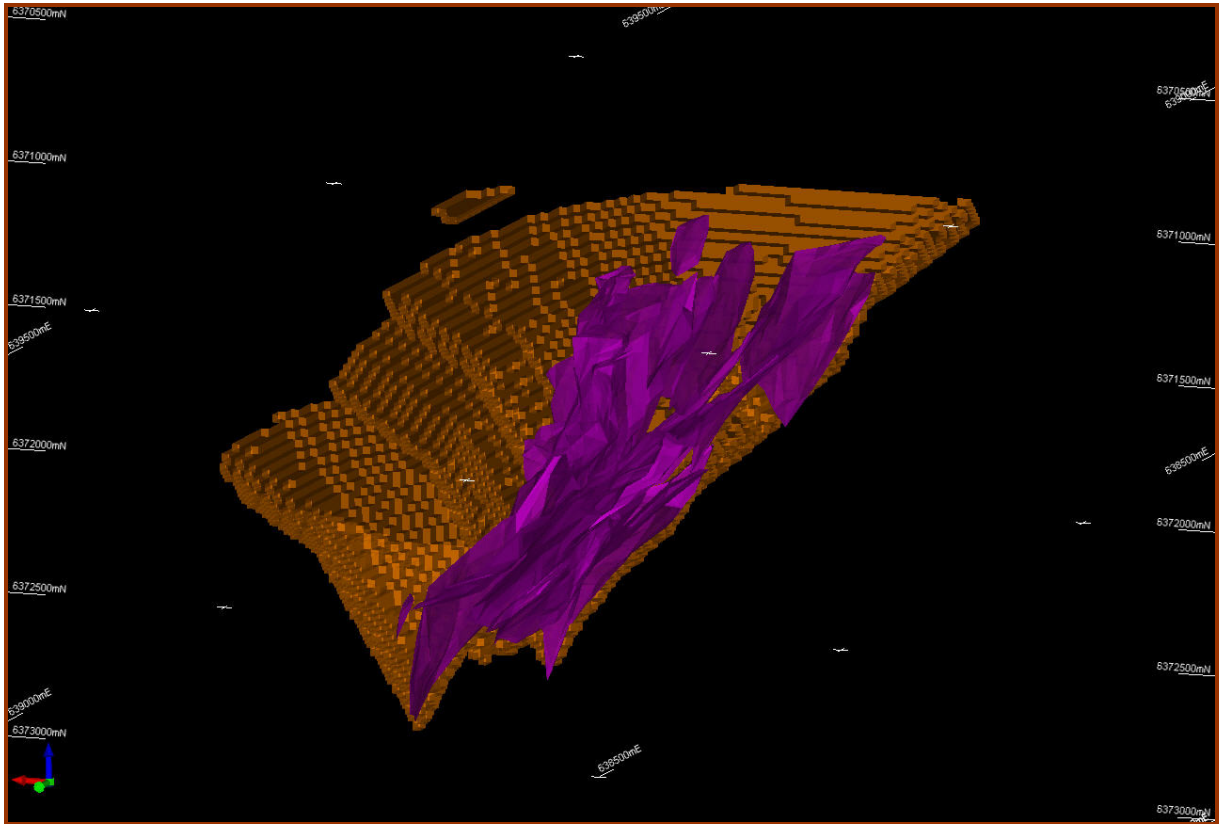


Figure 2: Pit design at Weednanna, (resource volume shown in purple).

Ian Finch

Director

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*The information in this announcement that relates to results, is based on information compiled by Ian Finch who is a Member of The Australasian Institute of Mining and Metallurgy and has more than five years experience in the field of activity being reported on. Mr. Finch is the Executive Director of the Company.*

*Mr. Finch 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Finch consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*