

**ASX RELEASE**

7th April 2010



**IRONCLAD**  
MINING LIMITED

**BHP BILLITON IRON ORE PRICE**  
**AGREEMENT OPENS WAY FOR**  
**HIGHER RETURNS FOR IRONCLAD**  
**MINING PROJECT.**

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- **IronClad's Wilcherry Hill Project set to escalate in value**
- **BHPB / China deals likely to add significantly to IronClad's bottom line.**
- **Quarterly contracts set to replace annual benchmark pricing.**
- **Early margins could increase by over 66%**

The Directors of IronClad Mining Limited (ASX: IFE) and Trafford Resources Limited (ASX: TRF) the Joint Venture partners in South Australia's Wilcherry Hill Iron Ore Project, advise that the substantial increase in iron ore prices agreed between BHP Billiton and major Chinese steel mills last week could increase its Pre-feasibility Study (PFS) estimated margin of approximately AU\$ 30 per tonne to a margin in the order of AU\$ 50 per tonne, thereby significantly increasing the overall value of the project.

Wilcherry Hill is expected to begin production of its high quality, low contaminant Direct Shipping Ore (DSO) magnetite late this year.

Using the reported BHPB April 2010 quarter price of US\$120 per tonne delivered as a basis and if IronClad was shipping DSO in the forthcoming April quarter, the Company would expect to achieve a sales price of AU\$ 105 per tonne after deducting freight costs.

This would provide margins well in excess of current conservative PFS estimates for IronClad's high quality, low impurity, crystalline magnetite DSO. This sales price is also expected to increase in future quarters as the spot market pricing mechanism, also agreed in Beijing last week, comes into full effect.

The groundbreaking 2010 iron ore price settlement with the Chinese steel mills, which was announced on Tuesday 30 March, has effectively replaced the annually negotiated benchmark

price mechanism, which has prevailed for over forty years, with quarterly priced contracts linked to the current spot market prices being paid in the related quarter.

BHPB's reported April quarter contract price of US\$120 per tonne for high grade Pilbara fines is a significant increase on the 2009 benchmark price of US\$ 60 per tonne, ex Pilbara ports, for the same product.

The establishment of a quarterly pricing mechanism will allow suppliers the opportunity to obtain the benefits of high spot prices throughout the year.

The Wilcherry Hill Iron Ore Project is being fast-tracked by the production of DSO from the high quality, low impurity crystalline magnetite deposits 45 km north of Kimba, in order to participate in the strengthening iron ore trade as soon as possible.

In February IronClad signed a Memorandum of Understanding (MOU) for the sale of a minimum of one million tonnes per year of Wilcherry Hill DSO to Chinese steel mill Liuzhou Iron and Steel Co Ltd (LISCO). Having received a satisfactory sample of DSO fines in March, LISCO, amongst other potential buyers, is currently negotiating sales contracts with Ironclad. **The selling price of the DSO will be based on quarterly pricing.**

Demand for the premium quality Ironclad DSO is high and sales contracts for all of the planned DSO production are expected to be fixed within April.

The participants in the Wilcherry Hill Iron Ore joint venture are IronClad Mining (80 per cent) and Trafford Resources (20 per cent). Trafford also owns 22 million (approximately 51%) of the 43 million issued shares in IronClad Mining.

Ian D Finch

A handwritten signature in black ink, appearing to read 'I D Finch', written in a cursive style.

Executive Chairman