

ASX RELEASE

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Wilcherry Hill Project Feasibility Update.
Robust Project Indicated.

Highlights

- **Stage One (DSO) Capital – AUD \$12 – \$19 Million.***
- **Initial 3 - 4 years of Direct Shipping Ore (DSO).**
- **1 Mt targeted for first year - then 2 M/t/p/a**
- **Start up FoB Costs = AUD \$55/t - \$75/t.***
- **Likely FoB Sales = AUD \$110 - \$125***
- **2011 -2012 Prices Forecast to Hold at US \$140 - \$150.**
- **Marketing Contract in Place.**
- **Initial Site Works Underway**

*** Depending on selected port option. Assumes US\$ = AU\$**

The Directors of IronClad Mining Limited (ASX:IFE) and Trafford Resources Limited (ASX:TRF) are pleased to provide an update on the Wilcherry Hill high grade, crystalline magnetite project in South Australia. The project is a 80:20 joint venture between the two companies.

Whilst the comprehensive definitive feasibility study (DFS) results are anticipated to be released in a few weeks time, both Boards believe that sufficient information is now known about the project to enable release of the range of details under final consideration by the project team.

The DFS is addressing only the **Stage 1**, or the direct shipping ore (DSO) stage of the total project. Low contaminant specification ore (+62% Fe) will be produced by low cost, simple dry techniques.

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Stage 2 is defined as that part of the project where wet beneficiation techniques will be required to produce specification ore from the Wilcherry Hill crystalline magnetite. A full feasibility on stage 2 will recommence (2 years work already completed) with the aim of bringing concentrate production on stream within 3 years.

Stage 3 of the project is defined as any ore derived from the Hercules prospect area, which lies approximately 15kms to the East of the Wilcherry Hill area.

With the successful DSO export programme in operation IronClad's Wilcherry Hill Project will be only the second iron ore mine worldwide to supply direct shipping grade magnetite iron ore for export. A Mongolian Company is sending 10 million tonnes a year of similar product by train into northern China. Production from Wilcherry Hill is scheduled to commence in the first half of 2011.

Capital Costs

The joint venture project team have adhered to two main principles during the feasibility process :-

- a) Earliest / low capital start up, and
- b) Earliest use of Cape size vessels (~150,000 tonnes).

Furthermore, since a large proportion of the mining, processing, haulage and port capital costs are to be amortised within operating contracts, an **exceptionally low capital start up** can be anticipated. This is likely to be within the range of AU \$12 -19 Million.

The main capital items which IronClad intend to sole fund relate to minor modifications to road transport routes, dry magnetic additions to the contracted crushing and screening plant, borefield development (dust suppression) and additional camp and site office facilities.

Site work is currently underway – including the upgrading of access roads and the establishment of preliminary infrastructure.



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In addition to the above capital requirement, a further Au \$6 - \$9 Million of working capital will be required during the start up period making the total project (Stage 1) requirement between AU\$18 and AU\$28.

Operating Costs

After extensive analysis of all reasonable logistics options the Company has concluded that sufficient infrastructure exists within southern South Australia for the economic export of up to 2 Million tonnes per annum of Wilcherry Hill iron ore through existing operating ports.

The Company has further concluded that there are also midterm (2-3 year), potentially viable options, within the region for the ongoing export of Wilcherry Hill ore via cape size vessels (+150,000 tonnes). This will enable IronClad to exercise its growth strategy of.

- a) increasing its DSO reserves through ongoing drilling at both the Wilcherry Hill and Hercules projects and
- b) pursuing a stage 2 (wet beneficiation) start up within 3 years.

The first year (2011/2012) ramp up, export target is 1 Million tonnes. Years 2 and 3 are expected to yield exports of approximately 2 Million tonnes per annum, whilst year 4 onwards should see an increase to 4 -6 million tonnes per annum through a combination of additional DSO material and magnetite concentrates.

Operating costs in the first 3 years will be relatively high (\$55 - \$75) since a large proportion of the start up capital costs are to be carried by contractors and paid back through higher operating charges. However, the first year costs are likely to be the lowest since much of the early production is planned to come from a combination of 3 pits – Weednanna, Weednanna North and Ultima Dam East. In each of these pits high grade crystalline magnetite, suitable for direct shipping, occurs from surface.

The ore is to be sold FoB through the contractual arrangements with the Singapore based marketing and trading company, OMS as previously announced. These arrangements will ensure early and regular cash flow, thereby minimising working capital requirements in the early months.



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Shipping.

Earliest (year 1) export options are likely to be limited to ships of 22,000 to 25,000 tonne capacity. Current freight costs would, therefore, be in the vicinity of \$35 - \$40 per tonne.

The option of moving quickly into Panamax and small cape size ships (~80,000 tonnes) is currently being investigated. Whilst freight costs would reduce by \$10 - \$15 / tonne, overall logistics and transport costs would increase.

Opportunities to tranship (barge load) onto cape size vessels anchored offshore in Spencer Gulf have been identified. Both operating costs and freight costs would reduce significantly. Little if any additional capital would be required. The Company is therefore pursuing these options rigorously and believes that a positive outcome is likely within an 18 month to two year time frame.

Finance

IronClad believes that the modest start up capital requirements can be sourced through a simple balance of debt and equity funding. The Company is discussing these matters with a range of finance houses, institutions and brokers both in Australia and overseas.

The robust nature of the project means that debt financing entered into by the Company has the potential to be retired early.

About The Company,

IronClad Mining Ltd was listed in 2007 to develop the unusual, high quality, low contaminant, crystalline, skarn magnetite deposit at Wilcherry Hill in South Australia. It owns 80% of the project and is developing it in Joint Venture with Trafford Resources Ltd.(20%).

IronClad (IFE) has 52,636,841 fully paid shares on issue of which Trafford (TRF) owns 26,400,005 (50.15%)

Ian Finch

Chairman

