



# IRONCLAD

MINING LIMITED

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29<sup>th</sup> July 2011

## **QUARTERLY REPORT 30<sup>TH</sup> JUNE 2011**

IronClad Mining Ltd (ASX: IFE) signed an option agreement with Sea Transport Development SA Pty Ltd (“SEATS”) who is developing a multi-user bulk shipping port at Lucky Bay, near Cowell, on South Australia’s Spencer Gulf.

IronClad will use a multi-user port facility concept developed by SEATS –to ship iron ore from a holding warehouse at Lucky Bay to a floating harbour, located about 5-10km offshore.

Cape-sized vessels with a capacity of up to 150,000 tonnes will then be loaded with iron ore from the floating harbour.

The South Australian government has already supported the multi-user harbour under Section 49 of the Development Act, which facilitates approvals for infrastructure projects considered essential to the South Australia’s development.

SEATS is currently preparing a comprehensive development application utilising key design and environmental impact assessment specialists.



**Figure 1:** Existing Lucky Bay facility

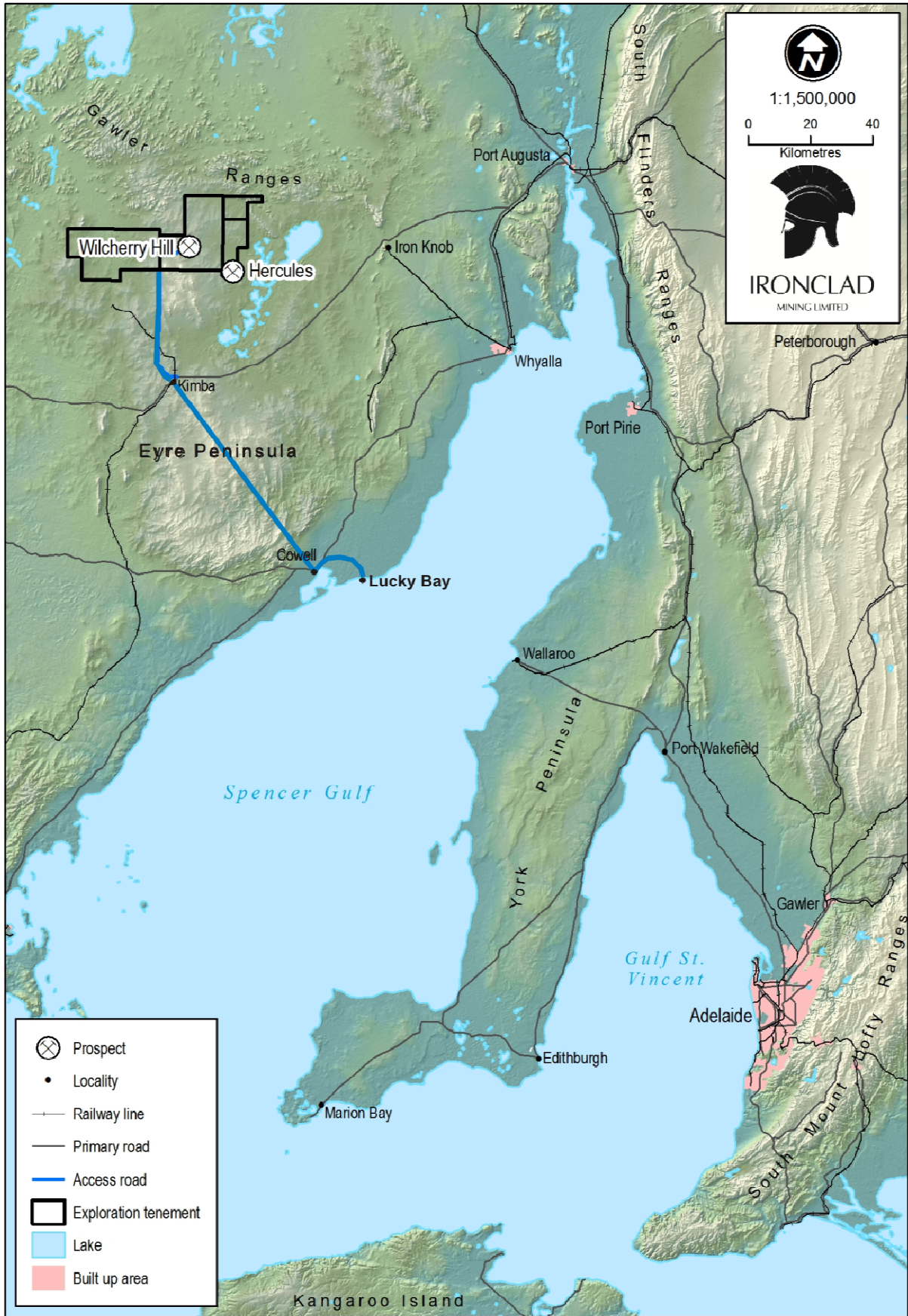


Figure 2: Location of Lucky Bay

The multi user port and floating harbour will provide an important export point and significant cost savings for the Joint Venture's Wilcherry Hill Iron Ore Project (**the Wilcherry Hill Project is an 80:20 Joint Venture between IronClad Mining Limited and its associated company Trafford Resources Limited**), situated near Kimba on the Eyre Peninsula, and will also strengthen economic growth and employment opportunities in the region.

Previously, IronClad had announced plans to transport iron ore from the mine site via road to Lincoln Gap, where it was to be loaded onto rail to Port Adelaide, before being transferred to Panamax and small cape size vessels.

With the advancement of the Lucky Bay facility the iron ore will be transported by road from Wilcherry Hill to Lucky Bay, where it will be loaded onto customised barges to transport the ore to the floating harbour. It will then be transferred to cape size ships docked alongside.

The Lucky Bay port option will reduce the land transport distance from Wilcherry Hill to port from 520km to only 154km.

Crucially, the Joint Venture (of which IronClad owns 80%) expects to reduce operating costs significantly as a result of the shortened transport distance.

The Joint Venture plans to export premium grade Direct Shipping Ore (DSO) from Wilcherry Hill from early next year, targeting an annual rate of up to two million tonnes a year within two years.

The Lucky Bay multi-user port facility will be developed in two stages.

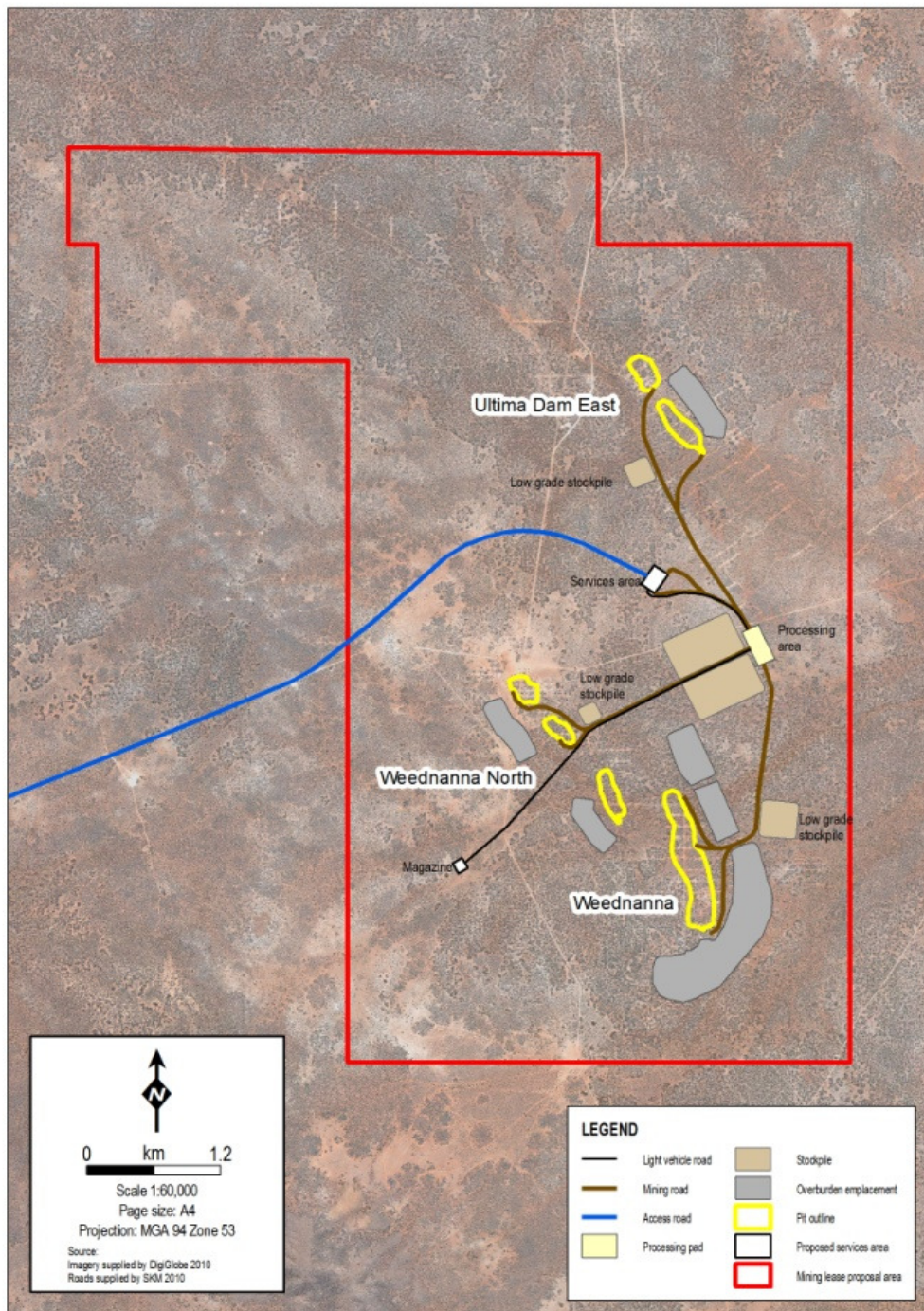
- Stage One will operate via a tug and dumb barge system. IronClad has already purchased a tug and construction of the dumb barge will commence soon.
- Stage Two will be developed with customised motorised feeder barges, on-shore loading facilities and the off-shore floating harbour.

For the first two years, iron ore will be transported in modified shipping containers by road to the port and transhipped in feeder barges, still in containers, to panamax vessels equipped with cranes and dust suppression systems. The containers will be lifted by crane and emptied into the hold.

As the tonnage increases, this system will be replaced with a quicker, more efficient loading system where bulk ore will be carried from the land based port to a floating harbour - a large floating facility with ore stockpiling space of 100,000 tonnes and docking facilities. The floating harbour will be permanently anchored approximately 10 kms off shore, in water deep enough for +150,000 tonne cape size vessels to berth and load.

Although the Wilcherry Hill project will begin life as a relatively small project by iron ore industry standards, it will be producing a premium grade product and it is planned to expand rapidly in three stages to a total production target over 10 million tonnes of iron ore a year.

As previously announced the Mining Lease Proposal (MLP) has been carefully prepared by IronClad in conjunction with Coffey Environments and has been submitted to the South Australian Mines Department (PIRSA). Approval of the Mining Lease is expected in August, it will be followed by submission of the Company's Mining and Rehabilitation Programme (MARF) with full approval likely in September or October. First mining is therefore expected to commence early in the fourth quarter 2011 with first shipments anticipated in January 2012.



**Figure 3:** Map of Wilcherry Hill Mining Lease Application

**About the Project:**

The Wilcherry Hill Iron Ore Project is being developed to begin production of premium quality, Direct Shipping Ore (DSO) for sale to Chinese steel mills. Production is scheduled to begin in the fourth quarter, ramping up to 2 million tonnes a year of the premium product.

Sale of the first two years of production from stage one of the project have already been secured under a comprehensive sales contract and marketing agreement between IronClad and OM Materials Pte Ltd of Singapore, a subsidiary of OM Holdings Limited (OMH).

OM Materials will ship the ore to a stockpile in southern China (Figure 4) for sale directly to the steel mills at prices mutually established from several world iron ore pricing indices.

IronClad completed a feasibility study for stage one of the Wilcherry Hill Project late last year.

The feasibility study established that, with an average iron ore price of A\$140 per tonne FOB (net of freight charges) into China and initial operating costs of around A\$85 per tonne, the project would provide IronClad with strong margins of approximately A\$50 per tonne and an operating cash flow of around A\$100 million a year at full production during stage one.



**Figure 4:** Iron Ore stockpiles in Southern China

### **Corporate:**

A General Meeting was held on the 10<sup>th</sup> of June with all resolutions put to the meeting passed by a show of hands.

As announced last quarter and final statement on the 5<sup>th</sup> of April, Ironclad successfully completed a non-renounceable rights issue on 31 March 2011 to raise \$11.3 million from a rights issue of 15,132,969 shares at 75c per share on the basis of one IronClad share and one free attaching option for every four shares held. The free attaching option is exercisable at 75c on or before 30th March, 2012.

The funds will be used for ongoing construction and fabrication for the \$26 million start-up of the Wilcherry Hill Iron Ore Project, including the securing of long lead time items. Production is expected to commence in the final quarter of this year.

The successful conclusion of the rights issue means that IronClad has raised approximately \$17 million, since December 2010, of the \$26 million start-up capital outlined as being required in the feasibility study. Current trends in China's iron ore consumption and the robust nature of the

Wilcherry Hill project means it is anticipated that most of the remaining capital requirement would be satisfied from debt facilities and repaid from production..

Several local and overseas financial institutions have expressed a strong interest in providing finance for the project. The Company has appointed PCF Capital Group Pty Ltd to manage the financing

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

Ian Finch  
Chairman  
Tel: 08 9485 1040

*The information in this announcement that relates to results, is based on information compiled by Ian D. Finch, 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 Executive Chairman 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.*