

ASX RELEASE

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KEY CONTRACTS IMMINENT FOR WORK TO START THIS MONTH ON NEW AUSTRALIAN IRON ORE MINE

Key infrastructure and mining contracts for Australia's newest iron ore mine have been finalised for work to start later this month on IronClad Mining's Wilcherry Hill project in South Australia.

IronClad (ASX: IFE) announced today that preferred tenderers had been notified and that formal contracts are about to be signed for all infrastructure and mining activities through to production and shipment of ore from the Wilcherry Hill deposits near Kimba on SA's Eyre Peninsula.

The move to construction start-up follows the SA Government's Christmas Eve announcement of formal approval for IronClad's Program for Environmental Protection and Rehabilitation (PEPR) – formerly known as the Mining and Rehabilitation Plan (MARP) – the final statutory hurdle for the project.

In announcing IronClad's PEPR approval, South Australian Mineral Resources and Energy Minister, Mr Tom Koutsantonis, said the new mine would pave the way for the creation of 150 jobs and more than \$340 million in investment in the region.

IronClad Mining's Executive Chairman, Mr Ian Finch, said the Company remained on track to commence maiden production from the mine in the current March quarter, with first product to be exported to Chinese customers in the June quarter.

Mr Finch said the Company's strategy for awarding of various contracts had, wherever possible, focused on local companies for the Wilcherry Hill project. Now that the final statutory approvals are to hand, the Company is able to finalise contracts for work at Wilcherry Hill.

"We are focusing on the employment of local people in order to enhance the project's connection with the area's community while at the same time building a reliable workforce," he said.

"As the second junior mining company to move into iron ore production in SA in recent times, and the first from the state's Eyre Peninsula region, our contracting strategy is working well for IronClad and for South Australia's expanding resources industry and the flow-on effect from that upsurge.

"Years of planning and hard work are now only weeks away from coming to fruition for our company."

Significant potential

The Wilcherry Hill iron ore project – an 80:20 Joint Venture between IronClad and its associated company, Trafford Resources Limited (ASX-TRF) – is on track to commence shipments of Direct Shipping Ore (DSO) for sale to Chinese steel mills in the second quarter of the 2012 calendar year.

The first two years of production from Stage One of the Wilcherry Hill project has already been sold to the Chinese steel mills under a comprehensive sales contract and marketing agreement.

Mr Finch said Stage One of the project involves production of one million tonnes per annum (Mt pa) of DSO for export to Asia, increasing up to 2 Mt pa in the second year.



IRONCLAD
MINING LIMITED

Registered Office:
Level 2, 679 Murray St.
West Perth, WA, Australia, 6005
Telephone: +61 (0)8 9485 1040
Facsimile: +61 (0)8 9485 1050

Principal Office:
307 Pulteney St.
Adelaide, SA, Australia, 5000
Telephone: +61 (0)8 8224 0411
Facsimile: +61 (0)8 8227 0411
Website: ironcladmining.com

Stage Two involves an increase in production to 5 Mt of iron ore concentrate per annum.

Stage Three includes the exploration and development of the joint venture's separate Hercules Project, 15 kilometres south east of Wilcherry Hill, which has an inferred JORC classification of 198 Mt, and is expected to increase output of the operation to 10-12 Mt pa by 2015.

Mr Finch said a feasibility study for Stage One of the project 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\$80 million per year at full production during the first stage.

Unique floating harbour

IronClad has signed an agreement with Sea Transport Development SA Pty Ltd (SEATS), the proponents of a port facility at Lucky Bay, near Cowell, on South Australia's Spencer Gulf.

The Company will use the unique facility to ship its iron ore from a holding warehouse at the site to a unique floating harbour about 5-10km offshore, which it is developing in collaboration with Sea Transport.

At the commencement of Stage 2, Cape-sized vessels with a capacity of up to 150,000 tonnes will then be loaded with iron ore from the floating harbour.

"The multi-user bulk shipping port facility allows us, initially, to transport our iron ore by road from Wilcherry Hill to the Lucky Bay site, significantly reducing our operating costs as a result of the shortened transport distance proposed in our original plans," Mr Finch said.

"We had originally planned to transport our ore from the mine via road to a site near Whyalla, where it was to be loaded onto rail to Port Adelaide, before being transferred to Panamax and small cape size vessels," he said.

"Our unique floating harbour concept reduces the land transport distance from Wilcherry Hill to port from 520km to only 154km – a significant saving in time, cost and economies of scale."

Ian D. Finch
Executive Chairman

MEDIA CONTACT

Sean Whittington
Field Public Relations
Ph: (08) 8234 9555
Mob: (0412) 591 520

Competent Person

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.