



ASX CODE: IFE

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***Company Insight Interview - Updates Wilcherry Hill Iron
Ore Project***

IronClad Mining Limited (ASX : IFE) provides the opportunity to read a
“Company Insight” interview with Mr. Ian Finch, Executive Chairman of
IronClad Mining Limited titled “Updates Wilcherry Hill Iron Ore Project”.

Yours faithfully

Ian Finch
Executive Chairman



IRONCLAD
MINING LIMITED



**Company
Insight**

the intelligent market update

IronClad Mining Limited

Date of Lodgement: 8/10/12

Title: “Company Insight – Updates Wilcherry Hill Iron Ore Project”

Highlights of Interview

- **Explains recent falls in iron ore price.**
- **Longer term outlook positive for iron ore price.**
- **China expected to continue to be a major buyer of Australian iron ore including from IronClad.**
- **Expectations of raising final funds required to get into production.**
- **Basically no change in iron ore volumes IronClad expects to sell.**
- **Outlines amount of funds required to get into production.**
- **Believes IronClad is an excellent investment considering expected sales volumes & current market capitalisation.**

Record of interview:

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IronClad Mining Limited (ASX code IFE & market capitalization of ~\$25 million) is developing its Wilcherry Hill Iron Ore Project (IronClad 80% and Trafford Resources 20%). Iron ore prices have dropped considerably in the past six months. Can you explain the fall in prices for iron ore?

Chairman Ian Finch

To a large degree it's due to the slowdown in China's economic growth. China, with its population of 1.3 billion people, has been the world's fastest growing economy for the past 20 years. During the decade since 2002 Chinese Gross Domestic Product grew rapidly each year to peak at a growth rate of about 14 per cent in 2011. Now, with the transition of the United States and European debt crises' into what economists describe as the Great Recession, China's GDP growth has fallen to an annual rate estimated at around 8 percent.

At either 14 percent or 8 percent or anywhere in between, these are enormous rates of economic growth compared with the developed world. For example, Australia, which is one of the strongest economies in the developed world, aspires to a GDP growth rate of about 4 percent in its best years.

But as China's growth has fallen from its peak last year, the Chinese demand for raw material imports such as the Australian iron ore and coal it buys to make the steel it needs for new public infrastructure and housing has also fallen.

So the slow-down in economic growth in China has inevitable consequences for all suppliers of basic raw materials into China. This translates into consequences for most Australian mining companies. IronClad Mining is developing the Wilcherry Hill Iron Ore Project in South Australia to supply iron ore to China, and to other countries in South East Asia. So we are affected by the China slow-down like every other iron ore mining company in Australia.

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Do you see an improvement in Chinese demand and iron ore prices in the future? What do you base those assumptions on?

Chairman Ian Finch

I cannot help thinking that whether China's GDP remains at 8 percent, or recovers to maybe 10 percent, the level of economic growth in China will be well above the best we can ever expect among the developed economies. With its benefits spread among 1.3 billion people, this level of GDP in China should be strong enough to power a healthy demand for iron ore and other commodities for decades to come.

The price for iron ore, landed in China, has been down as low as \$80 a tonne in the past two months. It is rising again and is about \$105 as I speak, with most observers believing that it will stabilize at around \$120-\$130. Our Wilcherry Hill Iron Ore Project would be quite profitable at those prices. China is not necessarily the only outlet for Wilcherry Hill iron ore, but China will remain the global price setter for the sea-born iron ore trade.

The current economic downturn in China is a blip in a well-established plan to raise living standards among all its people. For social and political reasons the Government cannot allow this growth plan to fail, so China will continue to need a lot of steel and will continue to depend on Australia as a major source for iron ore. Within that context, I am confident that IronClad Mining's Wilcherry Hill Iron Ore Project has a sound future.

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How can you expect China to continue to source much of its iron ore from Australia?

Chairman Ian Finch

China will always seek to diversify its sources for imports, including iron ore, to protect security of supply. Australian iron ore miners have become the biggest suppliers of iron ore into the Chinese market because we have the great advantage of closer proximity to Chinese steel makers than South America which is Australia's main rival for this iron ore market. We can expect increasing competition from current and emerging iron ore producers in South America, and also from Africa, in the coming years, but we have the skills and natural advantages in proximity and ore quality to hold our own with this trade. In particular, Australia has a very good reputation as a reliable supplier.

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What are your prospects for raising the final funding required to complete part 1 of the Wilcherry Hill project?

Chairman Ian Finch

Fortescue Metals recently raised \$4 billion in debt funding to secure its financial position, demonstrating that there is a great deal of support in the banking sector for producing iron ore companies. Fortescue is also engaged in a substantial cost cutting exercise to lift its profitability in the current difficult market for iron ore.

We reported in our Progress Report of August 6 that we are continuing to make good progress towards the first production of iron ore from the Wilcherry Hill Iron Ore Project. We will be issuing another progress report soon.

As we reported on October 3, we are also looking at all means to reduce mining and start-up costs to improve the overall economics of the project in the prevailing low price environment.

On August 6th we commenced a new drilling program to outline additional, near surface, Direct Shipping Iron Ore (DSO) and material suitable for low cost upgrade by dry magnetic separation (DMS) in order to reduce mining and processing costs.

This drilling to date has been highly successful with 31 of 38 holes drilled at the Weednanna prospect intersecting potential DSO and DMS material. In the same program, 32 of 36 holes drilled at Ultima Dam East prospect also intersected potential DSO/DMS material. Importantly 18 of the intercepts are from 10 metres to 26 metres down hole, auguring well for the increased tonnages sought and therefore, for lower production costs.

These are internal factors which will enable IronClad to reduce production costs. Externally, the recent fall in prices has or will cause some would be suppliers to delay their iron ore projects, therefore reducing future supply and putting a floor under the price. BHP Billiton's decision to defer its planned Pilbara iron ore expansion project is a major example of this.

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Do you expect a fall in volumes you sell, given the weaker iron ore price?

Chairman Ian Finch

No, as an individual producer, IronClad Mining will be a comparatively small iron ore producer, supplying into a very large market. We expect to produce one million tonnes in the first two years of production possibly up to 2 million tonnes in year two depending on prevailing prices. We are already working on lifting production in Stage 2 to 2.5 million tonnes per annum.

As I've said previously the period required to design, procure long lead time items and construct the stage 2 plant is likely to be in the order of 12 to 14 months. Indications are the new tailings dam design and construction will also take around that amount of time. Overall then, the timing of this schedule should be profitable to sell into improved iron ore markets.

We are also exploring the massive Hercules deposit which will form the basis of Stage 3 of the Project. So we have not had to curtail exploration, which we think is a good achievement in current markets.

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What amount of funds is required to get Stage 1 of the project into production? What are the options? Is it readily achievable in the current market?

Chairman Ian Finch

We believe that a further \$5 million to \$6 million will be required to complete Stage 1 works – mainly at the port. We will also require an additional \$8 million to \$9 million for working capital. This is in addition to funds previously spent. Apart from some additional expenditure at the port, project costs for Stage 1 have been in line with expectations.

Yes we believe raising the remaining funds for Stage 1 is very achievable.

Overall we believe with a market capitalisation of only around \$25 million and the fact that we expect to be a significant iron ore producer, we believe IronClad is an excellent investment.

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Thank you Ian.

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