

31st July 2012

Quarterly Report to 30th June 2012

HIGHLIGHTS

- Federal Government to provide \$2.2 million to the Franklin Harbour District Council to assist with the expansion of Lucky Bay Harbour.
- Delineation of continuous zones of near surface high grade (+60% Fe) iron ore. Ore contained within these zones can be selectively mined and is suitable for direct shipping.
- The presence of direct ship high grade iron ore has the potential to reduce initial capital costs and provide an earlier surplus cash flow. Further close spaced drilling is planned in the next quarter to delineate additional direct shipping ore.
- Detailed financial and system modelling underway on the proposed transshipment solution. The aim of the modelling is to optimise loading efficiency, reduce capital cost and de-risk the transshipment process. This work to be completed in the next quarter.
- Official approval was received from the State Government for the export facility at Lucky Bay. The approval officially received on April 5th paves the way for detailed design of the port infrastructure to commence. This design work will allow for a staged construction process, the aim being to minimise capital expenditure prior to shipping.
- Exploration License No. 3981 (Hercules) Program for Environmental Protection and Rehabilitation (formerly known as Exploration Works Approval) was submitted and approved. Subject to indigenous surveys, this approval allows exploration at Hercules to recommence.

Wilcherry Hill Project

RESOURCE AND GEOLOGY

During the quarter results from the Wilcherry Hill infill drilling program carried out in Q2 were received. This has allowed for geological model updates and detailed interpretations of the orebody in the area earmarked for initial mining.

In light of the recently completed drilling a resource re-estimation study is now underway with results expected next quarter. Runge have been engaged to carry out the competent person review and JORC sign off.

A key highlight of this drilling was the delineation of continuous zones of high grade (+60% Fe) direct shipping ore. The implication of this is now being assessed with a view to conducting further close spaced drilling in the ensuing quarter to delineate additional direct shipping ore.

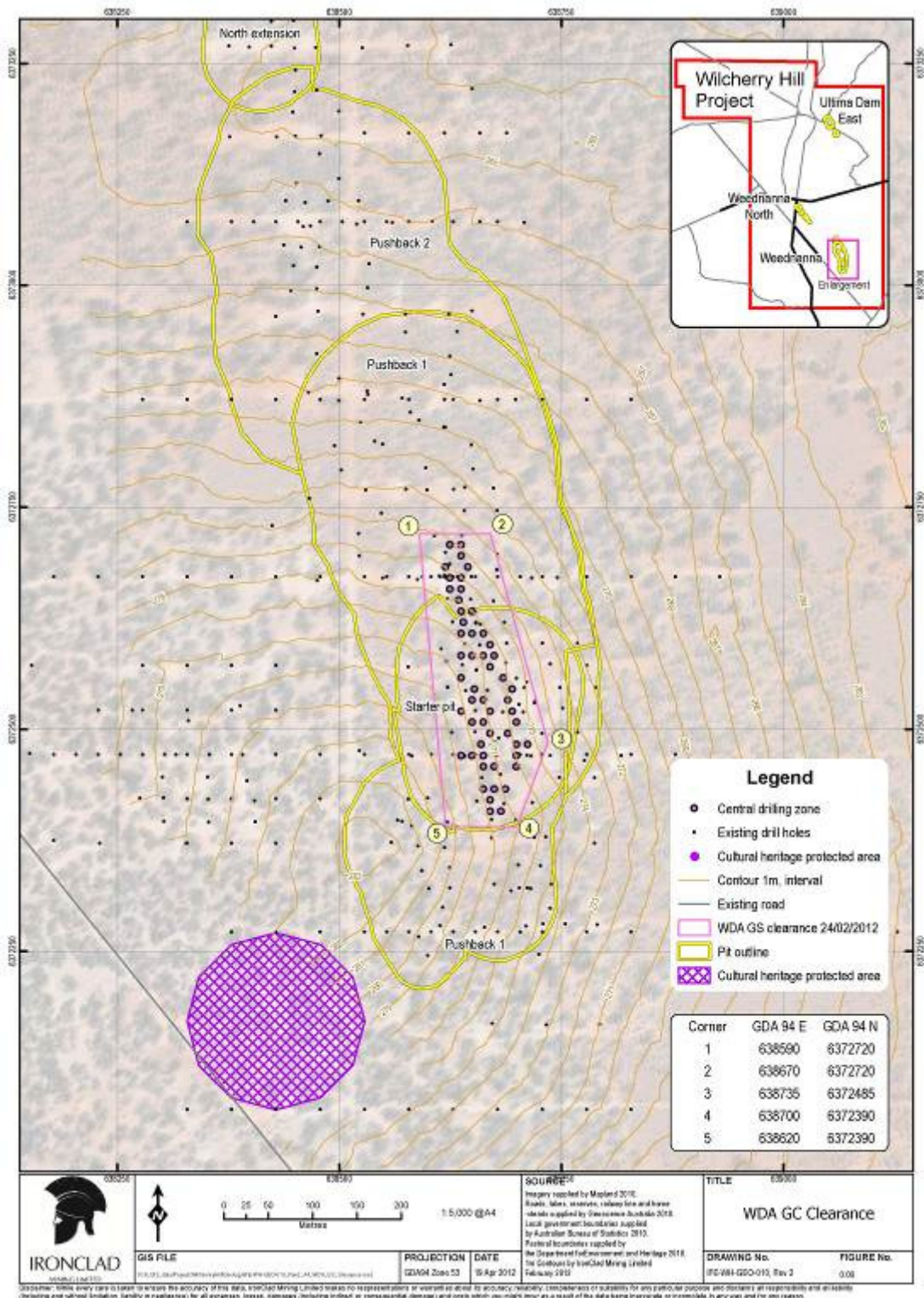


Figure 1: Infill Drilling Program Weednanna



Figure 2: Infill Drilling and Site Clearance at Weednanna

The infill drilling program (See Figure 1.) was designed to define a detailed grade control model focusing on the first six months of production. A reverse circulation (RC) drill rig completed the 2,000m program.

A preliminary review of the work required to advance Ultima Dam West (UDW) was also completed during the quarter.

UDW has an Inferred Resource of 7.8Mt. Drilling at Ultima Dam West is to be conducted in the upcoming quarter and has the potential to add additional DSO material to the project.

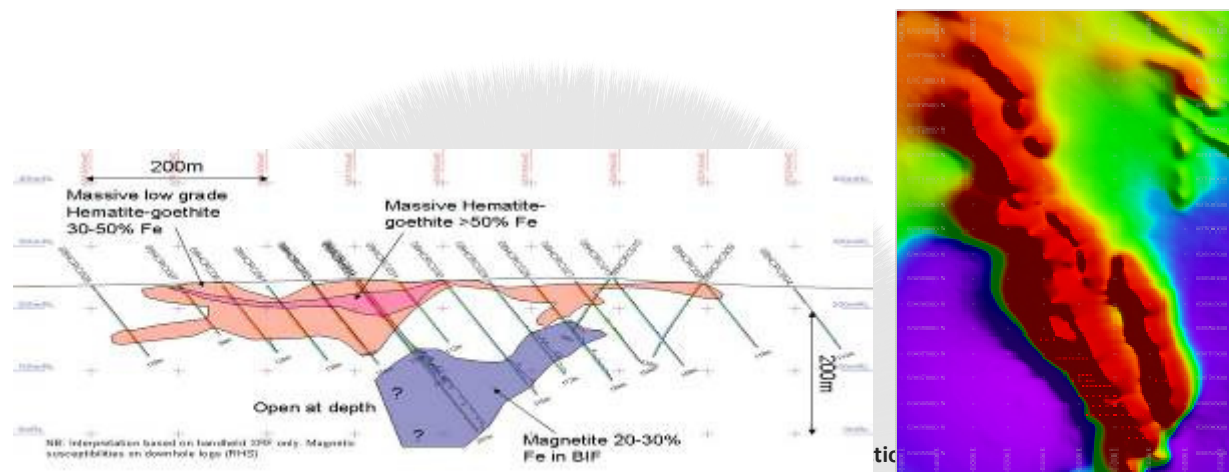
Exploration Activities

This quarter also saw the preparation and submission of a Program for Environmental Protection and Rehabilitation (formerly known as Exploration Works Approval) for Exploration License No. 3981 known as Hercules. This was an application to allow the commencement of an exploration drilling program for Hercules. Approval was confirmed on 18 June and allows indigenous heritage surveys and exploration activities to commence in the September Quarter. This is a significant step by the Company towards furthering its understanding of the Hercules deposit, and ultimately increasing the companies resources and reserves.

Further efforts were directed to planning an exploration program to advance the Hercules prospect where an Inferred Mineral Resource of 194Mt @ 27.1% Fe has been estimated. The immediate focus of the search is the near surface massive goethite and hematite mineralisation that forms a part of this Inferred Mineral Resource.

To this end the Company commissioned a review and remodelling of the existing gravity and magnetic datasets. The goal is to identify near surface non-magnetic iron rich exploration targets for drill testing. A closed spaced gravity survey is now planned for the next quarter as a successful outcome of this initial review.

The Hercules deposit remains a high priority ore body within the current Exploration Licences and has the highest potential for significantly increasing IronClad's resource base. With an Inferred Resource of 194Mt @ 27.1% Fe (representing less than 25% of the strike length tested to date), the future upside in resource/reserve is very promising. The Hercules deposit has near surface massive hematite/goethite, as displayed in Figure 3.



Mining

The presence of direct ship high grade iron ore has the potential to reduce initial capital costs and provide an earlier surplus cash flow.

The main activity during the quarter was a review of the proposed mining schedule to incorporate an initial high grade DSO mining stage and maximise the projects net present value.

Pit optimisation work was completed by Proactive Mining Solutions producing the initial DSO mining schedule and various scenarios for mining and processing of dry magnetic separation (DMS) and gravity separation (GS) ores. This work has also produced the pit design for the starter pit at Weednanna. The aim being to reduce start up initial capital costs and pit strip ratios.

Other work completed include a full review of the mine surface layout with the aim of optimising the location of physical assets. It is proposed to build the process plant to the north east of Weednanna pit. The Tailings Storage Facility (TSF) is now planned to be embedded within the Weednanna waste dump.

Extensive work is currently being undertaken with the preferred mining, haulage and crushing contractors. Detailed mobilisation, commissioning and ramp-up plans in accordance with the proposed mining sequence and schedules are currently being developed.

Processing

- To reduce capital and operating costs, design work has commenced on an integrated ore processing plant combining the DMS and GS units. The combined plant will allow optimal use of shared infrastructure and utilities and will also incorporate infrastructure to be initially installed for the processing of Direct Shipping Ore (DSO).

- A contract has been awarded to MSP Engineering in Perth for stage 1 design of the process plant.
- The project layout has been modified to incorporate the current mine design for the Weednanna pit and the integrated plant.
- Tailings from the GS plant will be stored in a tailings disposal facility constructed in the centre of the mining waste dump for the Weednanna pit. This will provide an environmentally enhanced disposal solution and allow economic use of mine waste for the dam wall construction.
- Design of the TSF including site geotechnical investigations will commence in July.
- Factory acceptance tests for the magnetic separation units for the DMS section of the plant were satisfactorily completed at the Eriez factory and the units have been delivered into store in Adelaide.

Testwork

The planned ore processing test work program by Delkor, Battery Limits, Nagrom and Nalco was completed during the quarter. Tailings characterisation and settling test work is ongoing at the Golder laboratory in Perth.

Logistics and Infrastructure

Lucky Bay Port Facility

Detailed financial and system modelling is underway on the proposed transshipment solution. The aim of the modelling is to optimise loading efficiency, reduce capital cost and de-risk the transshipment process. This work will be completed in the next quarter

Other work completed during the quarter included the successful acceptance testing of the shipping container's RAM Revolver rotating spreader and the continued construction of the 57m powered barge, in Guangzhou, China. A recent ship yard inspection confirmed that the barge is on schedule to be completed in September.

The Regional Australia Minister Simon Crean announced partnership funding for the upgrade of Lucky Bay. The federal government will provide \$2.2 million to the Franklin Harbour District Council to assist with the expansion of the harbour.

IRONCLAD
MINING LIMITED



Figure 4: Rotating Spreader acceptance testing in China



Figure 5: Rotating Spreader in operation

The project development approval concludes all the processes required for IronClad to commence construction of the port infrastructure and permits future iron ore exports via the new facilities at Lucky Bay on the Eyre Peninsula.

Marketing

The June 2012 daily iron ore spot market price for **62% Fe** fines delivered China (C&F) finished the month steady at **USD135** per tonne, the same price as at the end of May. In mid June there was a brief rally in the price, which moved up to **~ USD 140** per tonne before slipping later in the month.

The iron ore futures swaps market prices are trending the current spot prices with the expected discounts. Currently iron ore swap trades are being fixed at **USD128** per tonne delivered China for Q4 12 deliveries.

Human Resources and Investor Relations

David Burvill, former senior executive with Worley Parsons and OZ Minerals has been appointed Project Director. A highly-experienced engineer who specialises in the development of large scale resource projects – commenced his new role with the company in early June. Mr Burvill was most recently Project Director for Worley Parsons at Hancock Prospecting's Roy Hill iron ore project in Western Australia, where he was responsible for the greenfield development of the mine's processing plant and associated infrastructure. Mr Burvill was also Project Director at OZ Minerals Limited's Prominent Hill copper-gold project in South Australia.

Mr Robert Mencil, former Mount Gibson Iron Ltd executive, was appointed as Chief Operating Officer and commenced within the IronClad team in mid-April. His initial focus is on finalising the Business' Commissioning and Operating Plan to bring the Wilcherry Hill Project into production. Mr Mencil was most recently General Manager of Mount Gibson Iron's Koolan Island project – a four million tonne per annum ("Mtpa") iron ore mine off the coast of Western Australia's Kimberley region. Prior to that, he was Mount Gibson Iron's General Manager at its Talling Peak hematite project, a 3Mtpa iron ore mine in the Mid-West region of Western Australia.

Health, Safety, Environment and Community

The June quarter was lost time injury free.

The quarter saw confirmation from the SA Government that the Development Application for the Common User Export Facility at Lucky Bay had been approved. The approval officially received on 5 April paves the way for detailed design of the port infrastructure to commence. This design work will allow for a staged construction process, the aim being to minimise capital expenditure prior to shipping.

Corporate

During the quarter IronClad Mining Limited (ASX: IFE) (“IronClad” or “the Company”) received \$7.7 million from exercised options and underwriting of its options shortfall. The company issued 200,000 shares to Cygnet Capital as part of its underwriting fees.

Subsequent Events

Mr. Richards, resigned as Managing Director in July 2012 and Mr. Mencil, the Company’s Chief Operating Office accepted the additional role as acting Chief Executive Officer. Mr. Finch, the Chairman became responsible for corporate and financial matters.

- Ends -

Contact

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Competent Person Statement

The information in this announcement that relates to geological results and Mineral Resource estimates is based on information compiled by Chris Mroczek, 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 the Chief Geologist of the Company.

Mr. Mroczek has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken 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. Mroczek consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.