



ASX CODE: IFE

2nd October 2013

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WILCHERRY HILL IRON ORE PROJECT UPDATE

Highlights

- **Re-Optimised Stage One¹ mine plan completed. Reserve compiled in accordance to JORC 2004. Independently signed off for initial 3 year Mine Life.**
- **Robust Economics**
 - Cash Flow of **AU\$90 Million** after Capital Repayment at Current Prices (IRR 305%)²
 - Cash Flow of **AU\$48 Million** after Capital Repayment at US\$110 Prices (IRR 114%)³
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- **Final port development approval probable in late October.**
- **Current financing negotiations to accelerate once approval is granted.**

The Directors of IronClad Mining Ltd (ASX: IFE) are pleased to provide an update of the Wilcherry Hill Iron Ore Project on South Australia's Eyre Peninsula. The Project is an 80% : 20% Joint Venture with Trafford Resources Limited (ASX: TRF).

Reserve

In preparation for Stage One mining, a detailed review of the "mine site to port" logistics was undertaken between August 2012 and August 2013. In that process, all methodologies and costings related to mining, crushing, mine infrastructure, road haulage, port handling, shipping and stevedoring were reviewed.



A total of 3.5 Mt of Open Cut Ore Reserves were estimated at the Wilcherry Hill Iron Ore Project which are categorised Proved and Probable. After application of metallurgical factors this resulted in 2.9 Mt of Open Cut Marketable Reserves made up of 1.9 Mt DSO (Direct Shipping Ore) with average grade of 57%Fe and 1 Mt DMS (Dry Magnetic Separation) product with an average concentrate grade of 52.6% Fe (see Table 1).

- Stage One** is defined as mining and shipping of DSO and specification ore that can be produced by a simple DMS process.
Stage Two is defined as the mining, processing and shipping of ore that is not DSO, nor amenable to upgrade by DMS but can be upgraded to specification by a relatively simple gravity separation process.
Stage Three is defined as the exploration and development of the Joint Venture partners' massive Hercules iron ore deposit (magnetite, goethite and hematite) about 15 kilometres west of the current mining operations.
- Undiscounted at US\$133/tonne based on an exchange rate of USD\$1 : AUD\$0.93c.
- Undiscounted at US\$110/tonne based on a sliding exchange rate applied, starting at USD\$1 : AUD\$0.90c to AUD\$0.82c.

Ore Type	Category	Mt	Fe%	SiO ₂ %	Al ₂ O ₃ %	S%	P%	LoI%
DSO	Proved	1	57.7	7.8	3.7	0.1	0.03	3.8
	Probable	0.9	56.3	8.4	3.7	0.09	0.03	4.2
	SUB - TOTAL	1.9	57	8.1	3.7	0.08	0.03	4
DMS	Proved	0.3	52.8	11.7	2.4	0.07	0.07	4.5
	Probable	0.7	52.5	11.6	2.3	0.1	0.08	4.6
	SUB - TOTAL	1	52.6	11.7	2.3	0.09	0.08	4.6
TOTAL	Proved	1.3						
	Probable	1.6						
	TOTAL	2.9						

Table 1 : Total open cut Product for Stage One Reserve by RungePincockMinarco Limited (RPM)

Approvals

The initial application for an amendment to the existing port approval was lodged on 18th February this year. The application was made to amend the requirement to transport ore in closed containers from the mine site to the wharf side by establishing a modest buffer stockpile facility at the port of Lucky Bay.

The application resulted in an additional 46 items requiring significant further input by IronClad / Sea Transport Corporation (STC) on issues such as (but not limited to) dust, acoustics and stormwater, including data gathering, modelling and the formulation of detailed operational control management plans. The Company's comprehensive response was provided on 17th May this year.

A public notification period then commenced, and was due to close 23rd June. Processing and administrative delays meant that that period only closed on 18th July.

Three public and 3 government submissions were received for consideration. IronClad responded to each of these submissions and a provisional hearing date was set for 22nd August. The hearing was first postponed to the 29th August and then to 12th September due to poor communication between the Environmental Protection Agency (EPA) and the Development Assessment Commission (DAC).



At the hearing on the 12th September it was resolved, by the commission, to defer any decision until IronClad provided a raft of responses to further questions from DAC. IronClad is in the process of responding to these additional queries and a new hearing date has been proposed for mid October.

The Company believes that it will, after 8 months, have substantially answered all questions arising from the EPA, DAC, and other government and independent authorities to enable a positive decision to be made following the proposed October meeting.

Exploration

The resources outlined at the outcropping Ultima Dam West (UDW) prospect were not included in the new resource and reserve update due to the necessity for further metallurgical test work. That work is underway, and it is believed that, upon successful completion, additional inventory will be added to the current Stage 1 reserves. UDW is within the existing, approved mining leases.

The DSO/DMS material identified at Black Hill and Hercules during this year's drilling also remains outside the current reserve. Both, however, will require separate mining leases to be approved.

In addition, over the past year, a vast range of exploration targets for DSO/DMS material have been identified within the Joint Venture area. Modest drilling success will undoubtedly extend the Stage 1 mine life - thereby significantly enhancing the economics of the overall project.

Exploration drilling is planned to recommence once all necessary finance is in place and mining operations have begun.

Finance

The Directors are pleased to announce that despite potentially crippling delays and subdued markets, generally, working capital currently remains adequate, with approximately \$4.5` Million at bank.

The start-up capital requirements for Stage One is estimated at approximately \$22 Million (excluding working capital), allowing for the purchase of owner operated crushing plant which is expected to assist in reducing the overall operating costs by approximately 25%.

It is proposed that the port fleet of two dumb barges, two tugs and a floating crane will be finance leased and be fully paid by the end of current Stage One mining operation. The lease costs are included in the overall operating costs and are anticipated to amount to approximately \$24 Million.

Negotiations to debt finance the remaining capital have been underway for some time, but will be enhanced by the pending and anticipated favourable port approval.

Future

Work on the design and costing of the Stage Two, 2.5 million tonnes per annum (tpa) gravity circuit and corresponding tailings dam was carried out by consultants MSP and Golders. The period required to finalise design work, procure long lead time items, attain all government approvals and construct the plant is likely to be in the order of 12 to 14 months. Subject to finance, it is envisaged that construction on Stage Two is expected to commence towards the end of year 2 of Stage One.

**JORC COMPLIANCE – CONSENT OF COMPETENT PERSONS****IronClad Mining Limited**

Information in this report relating to Exploration Results has been reviewed and is based on information compiled by Mr Ian Finch who is a member of The Australasian Institute of Mining and Metallurgy. Mr Finch is the Chairman of IronClad Mining Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are 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 their information in the form and context in which it appears.

Information in this report relating to Mineral Resources has been estimated and compiled by Rindra Le Grange of Trafford Resources Limited of Perth, Western Australia. Mrs Le Grange is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience that 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. Mrs Le Grange consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

RungePincockMinarco Limited

The information in the report to which this Competent Persons is attached, relates to the Ore Reserves of the Wilcherry Hill Iron Ore Project, is based on information compiled and reviewed by Mr John Mariba, who is a Member of the Australasian Institute of Mining and Metallurgy, a Chartered Professional and is an employee of RungePincockMinarco Limited.

John Mariba is a Mining Engineer. He has extensive experience in the mining industry, working for over 28 years with major mining companies and for consultants. During this time he has either managed or contributed significantly to numerous mining studies related to the estimation, assessment, evaluation and economic extraction of iron ore in Australia and South East Asia. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify him as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

DISCLAIMER

This report contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of IronClad, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements.

Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based.

You should not place undue reliance on forward-looking statements and neither IronClad nor any of its directors, employees, servants or agents assume any obligation to update such information.

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