



Quarterly Report to 31st March 2013

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- Lucky Bay Common User Facility received Section 49 State Government sponsorship under the South Australian Development Act.
- Transshipping system successfully trialled.
- Initial Resource Model completed for Black Hill West, demonstrating the areas potential for further high grade DSO.
- Hercules Regional Drilling confirmed a 4 km northerly extension of the known near surface goethite and hematite mineralisation. In addition, the drilling highlighted an area of mineralisation with low LOI (loss on ignition), potentially being amenable to simple gravity concentration.

During the quarter IFE continued its development work on its Wilcherry Hill Iron Ore Project. The three key focus areas were:

- Identifying additional low cost, high value Direct Shipping Ore (DSO).
- Reducing the project's capital costs.
- Seeking outstanding approvals and developing a funding package.

Steady progress was made in all three areas. The new resources model at Black Hills West has delineated additional high grade DSO, demonstrating the areas potential. A follow up detailed ground based magnetic survey has been completed. The geophysical interpretation will help identify future drilling targets.

The recent Section 49 state sponsorship of Lucky Bay Common user Facility is a significant milestone in the IFE's request to amend the existing development approval at Lucky Bay. IFE expects to receive the final Development Assessment Approval (DAC) during the next quarter. If granted, this will significantly reduce the project's capital cost.

IFE has engaged BurnVair Corporate Finance Limited to assist in developing a suitable, predominantly debt, project funding package. Assuming DAC approval is received, the project's capital requirements are \$15m in Project Capital and \$6m in Working Capital. IFE is actively talking to banks and non-bank financiers regarding these funding requirements.

First ore shipment could be expected in December 2013, assuming final DAC approval is received and a funding package in place prior to 1 June 2013.

Exploration and Mining

WILCHERRY HILL IRON PROJECT

A number of internal financial studies reaffirm that the economics of mining at Wilcherry Hill is be improved with the delineation of additional high grade, low strip ratio DSO (direct shipping ore). Commencing the mining operation in stages, with the first stage being a low cost DSO operation followed by subsequent, low cost, beneficiation stages, remains the



preferred strategy.

Infill drilling programs early in 2012 had delineated zones of continuous mineralisation that fitted the above ore criteria. It was apparent that the closer spaced drilling enabled better geological domain definition and subsequent improvements to the resource model as smoothing of iron grades was minimised. This led to a campaign of infill drilling to delineate additional DSO to supplement the Stage 1 DSO mining operation being planned for Wilcherry Hill.

The results of this drilling have fed directly into the update of the Mineral Resource and the ensuing mining studies and have provided further positive impetus to the establishment of a viable mining operation at Wilcherry Hill.

MINING LEASE (ML 6390)

The results from the successful DSO infill drilling campaign completed last quarter have been used in updating reserves, pit designs and mining schedules for a range of pricing scenarios. Updates have been carried out for Weednanna (WDA), Weednanna North (WDN), Ultima Dam East (UDE) and the Ultima Dam West (UDW) deposits.

EXPLORATION ACTIVITIES – Ironclad / Trafford Resources JV - Tenements (EL 5164, 4162, 4286 & 4421)

During the March quarter the Company continued its exploration activities to identify additional near surface high grade iron resources as potential direct shipping ore (DSO). Information on these activities is summarised below.

Black Hills West (BHW) Prospect

A resource estimate has now been completed for the area of outcropping iron mineralisation drilled at BHW. Potential DSO of 0.12Mt @ 57.5% Fe is contained within this Mineral Resource.

The iron mineralisation drilled at Black Hills West is associated with a magnetic anomaly. Higher intensity magnetic anomalies occur 200m to the east and 2km to the south. Ground magnetic surveys, to provide better data resolution, have been completed over these areas and the area drilled. Geophysical modelling is underway to assess the potential for additional near surface DSO.

Regional

A process has commenced to re-rank all potential prospects / exploration targets within the JV tenement areas.

A large amount of current and historical exploration data exists and is being evaluated as potential for new resources.

Hercules - Exploration for near surface goethite / hematite DSO

The prospect lies approximately 15km to the South East of the Company's Wilcherry Hill project on EL 5164 (Figure 1). A reverse circulation drill program comprising 29 holes for 2,198m was completed during the quarter. Drill hole collar information is listed in Table A1 and shown on location plan Figure 1.

The broad spaced (up to 500m x 100m) program has confirmed a 4 km northerly extension (Figure 1) of the known near surface goethite and hematite mineralisation that forms part of the Inferred Mineral Resource (194Mt @



27.1% Fe – ASX Release 22nd December 2008).

Prospective banded iron formation (BIF) stratigraphy has now been intersected over a 7km strike length (Figure 1).

Significant down hole intercepts are listed below; a complete listing of intercepts greater than 25% Fe is listed in Table A2.

HOLE_ID	DEPTH (m)		INTERVAL	FE%	SiO2%	Al2O3%	P%	S%	LOI%
	FROM	TO	(m)						
13HCRC003	29	54	25	27.3	36.6	11.3	0.13	0.15	10.1
13HCRC006	4	30	26	30.4	24.2	13.8	0.30	0.18	13.1
13HCRC009	19	46	27	39.4	17.7	10.9	0.53	0.14	12.6
13HCRC010	5	55	50	37.2	26.1	9.7	0.18	0.06	7.6
<i>Including</i>	<i>9</i>	<i>36</i>	<i>27</i>	<i>44.9</i>	<i>20.0</i>	<i>7.2</i>	<i>0.17</i>	<i>0.06</i>	<i>6.1</i>
13HCRC011	3	35	32	28.1	34.0	10.1	0.19	0.08	9.9

Hercules Prospect Significant Results²

The current target at Hercules is near surface, low strip ratio mineralisation with grades suitable for upgrade via simple beneficiation. Intercepts with lower LOI (loss on ignition) are of particular interest in this respect (see HCRC010 above).

Simple gravity concentration test work is underway to examine the potential upgrade of Fe. Five composite samples of varying LOI ranges were selected.

Geological re-interpretation of the Hercules Prospect will now be completed to reassess its resource potential.

Health, Safety, Environment and Community

There were no lost time incidents for the quarter. Similarly there were no environmental related incidents reported in the quarter and ongoing environmental monitoring and reporting was carried out on schedule. This included the annual environmental compliance review (MARCR) report which was submitted to government in March.

As a requirement of the current exemption from mining activities under Section 79 of the Mining Act, effective from November 2012, the company is required to submit progress reports to DMITRE. A progress report was submitted on 18 February and again on 22 March 2013 giving advice regarding the status of the mining studies and the planned production schedule.



Logistics and Infrastructure

Technical environmental studies that were initiated in December in support of Development Application (DA) for the Lucky Bay Common User Facility continued in January. This included CALPUFF air dispersion modelling for dust emissions and noise modelling studies for the proposed development. The studies were initiated to provide risk-based advice to agencies reviewing the DA amendment application and provide momentum and support for the Section 49 sponsorship. The results of these studies were presented to a technical group within the DMITRE and other South Australian Government Departments to further progress and support the likelihood of Section 49 sponsorship. As a result of these actions, on 8 February Minister Koutsantonis of DMITRE delivered the endorsement to provide Crown Sponsorship under Section 49 of the Development Act for the Lucky Bay Common User Facility. This is a significant milestone in the progress towards development approval for the export facility.

The successful Section 49 sponsorship paved the way for the formal submission of the Development Application. Following a brief period of preparation the Development Application - "Buffer Storage Facility, Interim Harbour Loading Facility and Haul Road Relocation" was lodged with the Development Assessment Commission on 18 February 2013. A program of assessment, government agency referral and community consultation has been in progress since that time.

Trans-shipment

A trial of the proposed transshipping system was successfully conducted offshore from Port Adelaide. The system uses a specialised container lifting device attached to a floating barge crane which lifts the containers from the transshipping barge and rotates the container to tip the iron ore into the export vessel's holds. The trial was conducted using a barge mounted crane trialling the container handling devices purchased by IronClad lifting and rotating prototype containers on and off a floating barge. The trial verified the viability of the innovative transshipment system developed by Ironclad for its ore export operation from Lucky Bay on the West side of the Eyre Peninsula.

Ore will be transported by double road trains from the mine to a stockpile area 1.2km inland from the Lucky Bay harbour and loaded into containers for transshipment once an export vessel arrives offshore. Containers will be moved to the dock and loaded into barges which will be towed by tugs to the transshipment point. A barge mounted crane will load the ore into the vessel using the container lifting device.

The powered barge being constructed in China was launched mid-January. Final fitting out is well advanced with sea trials scheduled to commence in the first week of May.

¹Competent Person Statement – Mineral Resources

The information in this report that relates to Mineral Resources is based on information compiled by Rindra Le Grange; a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Le Grange is a full time employee of Trafford Resources Limited and ASX listed company and major shareholder in Ironclad Mining Ltd. Ms Le Grange has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being 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". Ms Le Grange consents to the inclusion in the report of the matters based on her information in the form and consent in which it appears.

²Competent Person Statement – Exploration Results

The information in this announcement that relates to exploration results 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

Appendices: Supporting Information

The drill hole information contained in this section relates to the drilling completed by Ironclad at its Hercules Prospects between 12th January and 9th of February 2013.

Twenty nine (29) reverse circulation drill holes have been drilled a total of 2,198m. Drill hole collar information is listed in Table A1. The co-ordinate system is MGA94_53.

The drilling method was reverse circulation using a 5.5" hammer. Holes were drilled at an angle of 60° to the East.

The sampling interval in ore was 1m with sub-samples for assays split using a 2 tier riffle splitter. Analysis of the sub-samples was carried out at Bureau Veritas Laboratory. Analysis was carried out using XRF for a routine suite of 11 elements and a gravimetric method was used to analyse LOI (loss on ignition). The components analysed by XRF Al₂O₃, CaO, Fe, K₂O, MgO, MnO, Na₂O, P, S, SiO₂, TiO₂.

Selected assay information for the holes, based on a 25% Fe cut off and minimum 3m down hole width is listed in Table A2. Assays of 25% Fe and above are regarded as significant from an exploration perspective in delineating potential zones of banded iron formation mineralisation with the potential to be upgraded via beneficiation processes.

HOLE_ID	DEPTH(m)	EASTING	NORTHING	HEIGHT	DIP	AZIMUTH
13HCRC001	84	651000	6370400	233	-60	90
13HCRC002	84	650900	6370400	235	-60	90
13HCRC003	84	650800	6370405	239	-60	90
13HCRC004	84	650700	6370400	241	-60	90
13HCRC005	84	650600	6370400	243	-60	90
13HCRC006	78	650500	6370200	239	-60	90
13HCRC007	75	650400	6370200	241	-60	90
13HCRC008	84	650300	6370200	243	-60	90
13HCRC009	84	650200	6370200	239	-60	90
13HCRC010	84	650600	6371000	228	-60	90
13HCRC011	84	650500	6371000	229	-60	90
13HCRC012	82	650400	6371000	229	-60	90
13HCRC013	84	650900	6371400	221	-60	90
13HCRC014	78	650800	6371400	224	-60	90
13HCRC015	84	650700	6371400	225	-60	90
13HCRC016	78	650800	6372050	220	-60	90
13HCRC017	60	650600	6372050	218	-60	90
13HCRC018	84	650400	6372050	219	-60	90
13HCRC019	78	650100	6372050	221	-60	90
13HCRC020	78	649900	6372050	220	-60	90
13HCRC021	84	651150	6369400	249	-60	90
13HCRC022	138	651050	6369400	247	-60	90
13HCRC023	84	650950	6369400	244	-60	90
13HCRC024	77	651250	6370200	234	-60	90
13HCRC025	84	651150	6370200	234	-60	90
13HCRC026	84	652450	6368050	230	-60	90
13HCRC027	32	652350	6368050	232	-60	90
13HCRC028	84	652250	6368050	232	-60	90
13HCRC029	84	652350	6368055	232	-60	90

Table A1 Hercules Prospect Drill Hole Collar Information



HOLE_ID	DEPTH (m)		INTERVAL (m)	FE%	SiO2%	Al2O3%	P%	S%	LOI%
	FROM	TO							
13HCRC001	27	35	8	32.51	6.77	0.18	0.12	11.31	6.77
13HCRC002	No Significant Assays above 25% Fe								
13HCRC003	2	8	5	25.68	39.06	12.05	0.10	0.15	9.56
13HCRC003	11	26	15	27.02	38.53	11.25	0.11	0.12	9.89
13HCRC003	29	54	25	27.26	36.65	11.26	0.13	0.15	10.13
13HCRC004									
13HCRC005	24	36	12	31.63	22.39	14.81	0.52	0.28	13.37
13HCRC005	54	57	3	30.82	25.31	13.60	0.18	0.20	13.27
13HCRC006	4	30	26	30.43	24.23	13.83	0.30	0.18	13.11
13HCRC007	2	18	16	33.65	27.19	10.29	0.36	0.16	12.33
13HCRC007	46	53	7	30.82	30.73	11.71	0.35	0.07	11.30
13HCRC008	2	8	6	34.28	27.12	12.18	0.08	0.12	10.07
13HCRC008	40	51	11	29.47	33.79	10.16	0.22	0.11	9.85
13HCRC008	75	78	3	35.23	22.11	8.88	0.30	0.07	10.27
13HCRC009	19	46	27	39.38	17.75	10.97	0.53	0.14	12.64
13HCRC009	64	68	4	30.31	30.65	12.00	0.27	0.06	11.02
13HCRC010	5	55	50	37.20	26.09	9.67	0.18	0.06	7.62
<i>Including</i>	9	36	27	44.92	20.02	7.23	0.17	0.06	6.13
13HCRC011	3	35	32	28.08	34.03	10.13	0.19	0.08	9.88
13HCRC012	33	47	14	33.24	24.94	10.50	0.44	0.07	10.09
13HCRC013 to 13HCRC019	No Significant Assays above 25% Fe								
13HCRC020	36	39	3	42.15	13.85	10.47	0.36	0.12	13.41
13HCRC021	43	51	8	31.50	39.82	4.83	0.21	0.07	8.05
13HCRG022	98	122	24	27.17	53.74	0.35	0.13	0.01	3.14
13HCRC023	18	38	20	28.65	47.37	3.41	0.11	0.08	6.48
13HCRC023	50	54	4	31.33	25.14	3.41	0.14	0.09	11.50
13HCRC024	14	20	6	28.85	37.97	7.08	0.11	0.07	7.73
13HCRC024	25	47	22	29.60	39.47	4.53	0.18	0.04	8.02
13HCRC024	63	69	6	28.12	48.54	1.81	0.10	0.03	4.20
13HCRC025	5	9	4	39.30	22.84	6.27	0.37	0.04	11.52
13HCRC026	20	27	7	33.21	30.63	5.15	0.10	0.02	9.89
13HCRC026	43	56	13	31.01	35.63	3.26	0.14	0.02	7.46
13HCRC027	14	21	7	42.86	16.07	7.21	0.35	0.07	11.81
13HCRC028	No Significant Assays above 25% Fe								
13HCRC029	22	30	8	32.43	27.10	9.46	0.17	0.03	11.10

Table A2 Hercules Prospect, intercepts above 25 % Fe cut off and 3m down hole width

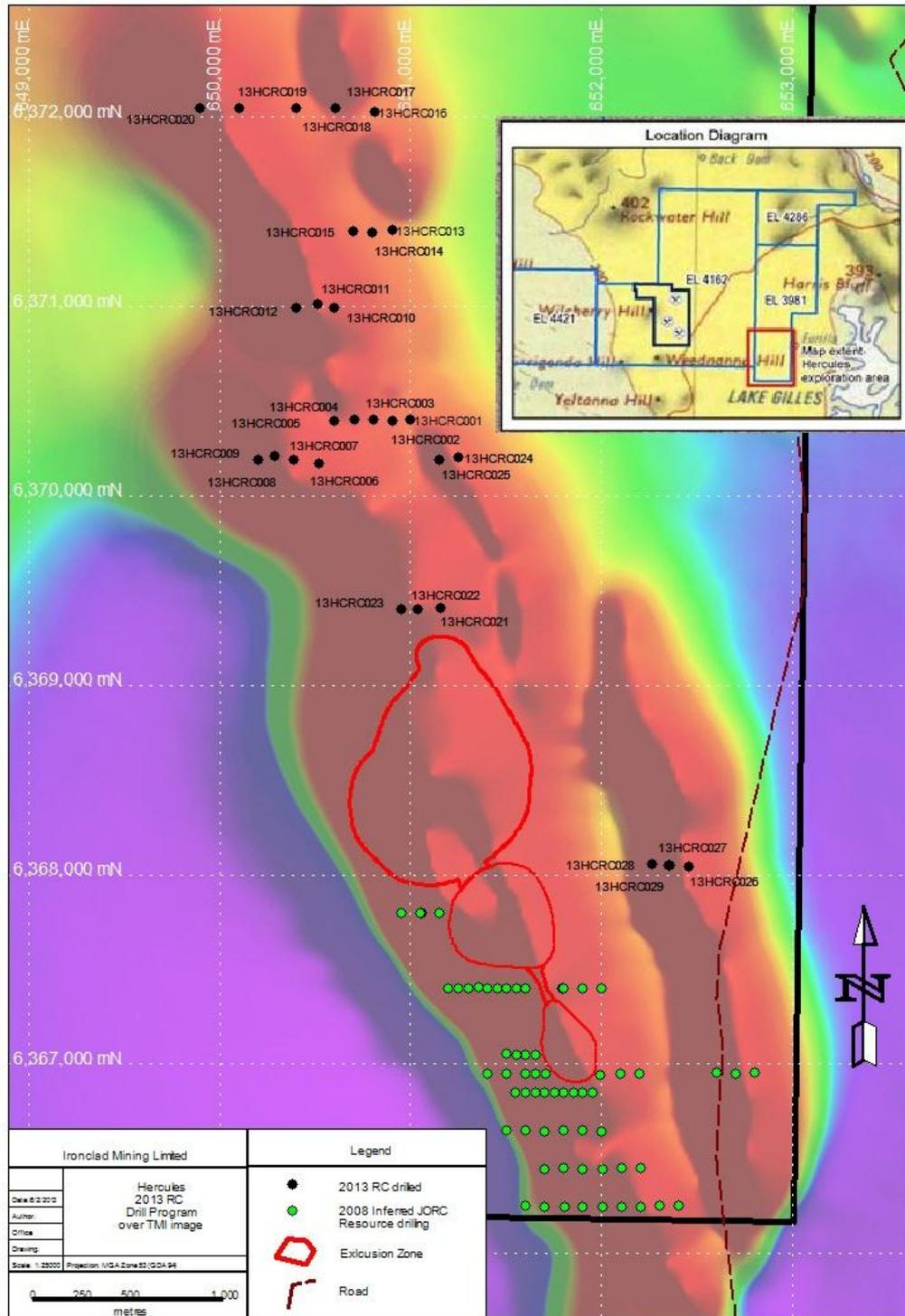


Figure 1 Hercules Prospect Drill hole locations.