



IRONCLAD
MINING LIMITED



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MD Finch on Progress at Wilcherry Hill

IronClad Mining Limited

Highlights of Interview.....

- MD Finch discusses the implications of recent announcements.
- He explains why they are important in advancing Wilcherry Hill iron ore to production.
- He also discusses longer term growth for IronClad.

Record of interview:

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IronClad Mining Limited (ASX code: IFE; market cap of ~\$50m) has made several major announcements on the progress at its Wilcherry Hill Project in South Australia. Wilcherry Hill is a joint venture between Trafford Resources (20%) - (ASX: TRF) and its subsidiary IronClad Mining (80%). What do you consider to be the most significant of the recent announcements?

Managing Director Ian Finch

They are all very large boxes that needed to be ticked. Each was vital to the success of the project.

No project can advance without involving and taking the community along with it. The Native Title agreement signed with the Gawler Range Group in late August was a landmark event, negotiated over 8 months. It gives us access to all of our mining license areas at Wilcherry Hill. The same amount of attention is also being given to all other involved communities.

Of course no mining can take place at all unless there is full confidence in the resource. Over the past 8 months the Joint Venture technical team has worked tirelessly to produce a resource in which a very high level of confidence can be placed. On September 8th we were able to announce a significant upgrade in the JORC Code resource at Wilcherry Hill – up from a total of 60 to 69.32 million tonnes of high quality, low contaminant crystalline iron ore. In addition the target potential for this crystalline iron ore was increased from 300 to 400 million tonnes

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to 600 to 700 million tonnes. The respected independent technical consultants SRK have signed off on the resource – further adding to those confidence levels.

Then on September 21st we announced the identification of 10.2 million tonnes of high grade crystalline magnetite suitable for Direct Shipping Ore from within the 69.3 million tonne resource. This is critical to IronClad's primary objective to become a producer of high value iron ore in the earliest possible time. That 10.2 million tonnes will yield the first 4 or 5 years of low cost, start up production.

In this context the marketing agreement signed with OMS of Singapore on September 14th is important because it is closely tailored to our early needs - namely flexibility of sales and dependable cash flow. OMS understood our needs and entered into the agreement enthusiastically.

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As you said, you announced a 10.2 million tonne high grade crystalline magnetite resource (JORC code compliant), which you expect to underpin the first 4 to 5 years of production of Direct Shipping Ore (DSO) at 2 million tonnes per annum (Stage 1 of the project). Why do you expect a high resource to reserve conversion? Why do you expect it to be low cost?

Ian Finch

The purpose of our last 8,000m drilling programme was twofold - to try to prove continuity of high grade zones within the Willcherry Hill ore and to do so at a high confidence level. I am proud to say that both initiatives were highly successful. Now that the vast majority (+70%) of all the resource lies within the JORC indicated classification and much of that ore lies within the first 80 metres from surface, there is a strong likelihood that much of the resource will be converted to a mining reserve category.

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How significant is the sales and marketing agreement with OMS for the advancement of the project? Why does the sales contract cover only the first 2 years of production when you expect 4 to 5 years of DSO production? What are the advantages of an agreement with OMS?

Ian Finch

Over the past three years there have been numerous enquiries from Asian steel mills and commodity trading houses alike for IronClad's ore. IronClad resisted the temptation to enter into early end user agreements until clear benefits for the Company were identified.

Agreements with singular end users such as a particular steel mill, for instance, can mean that ships are sent when the **mill** needs the ore – not on a regular basis - requiring the Company to regulate production and stockpile in Australia. The agreement with OMS will mean that appropriate sized ships are dispatched from China regularly and IronClad will receive a 95% payment per shipload, at an agreed price, thus ensuring vital cash flow in the critical start up phase.

In China, the ore is stockpiled and sold, by OMS to one or more of a number of end users. Any upside in the final pricing from the stockpile is passed on to IronClad.

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The agreement with OMS covers the first 2 years. Whilst the agreement is capable of being renewed for additional terms IronClad prefers to keep longer term sales agreements on hold at this time allowing for further flexibility.

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You also previously announced a significant upgrade in resource quality. 70% is in the Indicated category in a total resource of 69 million tonnes (which includes the 10.2 mt mentioned above). What will be the production process for Stage 1 mining? What production levels are you considering? How competitive will the operating margins be?

Ian Finch

The high grade, low contaminant, crystalline ore will be mined from a series of pits – initially Weednanna, Weednanna North and Ultima Dam East. Just as in normal hematite mining in the Pilbara and elsewhere, the ore will be crushed and screened through a simple mobile plant. The only difference to traditional DSO methodologies at Wilcherry Hill will be the addition of magnets in order to guarantee specification grade. The process is dry, simple and low cost, and will result in the first DSO magnetite exports in Australia and one of the first in the world.

Year one will be a ramp up period of approximately 1 million tonnes, leading to targeted production of 2 million tonnes per annum in years 2, 3, 4 - and possibly 5. Exploration drilling for additional DSO material is planned to commence once production begins. Additional production years of this material can therefore be anticipated.

The quality of the ore means that we can expect higher than normal prices for our product. The low level of contaminants makes it an ideal blending ore for some of the lesser quality ores being imported by China.

Current strong iron ore prices are projected to prevail for some considerable time. Start up margins will be good and are likely to improve over time as IronClad works towards its second major goal – that of earliest shipment in cape size vessels, capable of over 150,000 tonnes per load. Within those early years the Company will also be working towards start up of the more capital intensive stage two – where the more conventional crushing and wet magnetic separation methods will be employed. Once the correct infrastructure is in place, output is projected to rise to 5 – 6 million tonnes per annum.

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You also recently signed a Native Title Mining Agreement with the Gawler Ranges Native Title Claim Group to open the way for development of the project. Is the agreement water tight in terms of seeing the project into production? What are the major terms and conditions of the agreement?

Ian Finch

The terms of the agreement between IronClad and The Gawler Range Group are confidential, however I can say that the agreement was reached in the best possible spirit. Both parties see it, not as an end in itself, but as a beginning of a mutually beneficial, co-operative arrangement. Amongst other items the agreement allows for ongoing opportunities in training, education and employment for indigenous people of the region. We at IronClad are more than pleased with the outcome and look forward to the future with anticipation.

The agreement was reached after 8 months of constructive dialogue and both parties were pleased to be signatories to it. We believe that it will be enduring.

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You aim to start Stage 1 production in 2011. What are the remaining major issues to deal with? What potential issues could derail the project?

Ian Finch

Nearly all of the issues within our control have been thoroughly interrogated and a Definitive Feasibility Study (DFS) is due to be completed very soon. Most of what remains to be done pertains to state government approvals. The South Australian Government is mining friendly and has a policy of processing documentation in a timely manner. There is, therefore, no reason to suspect that this process will take any longer than anticipated. If that is correct, then it will be full steam ahead for production in early 2011.

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What is the future for IronClad, once Stage 2 production commences?

Ian Finch

As I have indicated, IronClad has a well thought out development and production strategy well into the future. A low cost entry into production will be followed by continual upgrading of that production by measured events. We have demonstrated our skills at overcoming problems and setbacks over the past three and a half years and we will continue to do so – always keeping our destiny in our own hands, wherever possible, and working for the benefit of all stakeholders. I am more confident than ever that the future for IronClad is exceedingly bright.

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Thank you Ian.

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