

ASX RELEASE

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IRONCLAD TO RAISE \$11 MILLION FROM FULLY UNDERWRITTEN RIGHTS ISSUE.

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- **Fully Underwritten by Intersuisse Limited.**
- **Offer to Shareholders on a 1 : 4 Basis.**
- **One Free Attaching Option per New Share.**
- **Robust Iron Ore Demand Encourages Non Equity Funding For Remaining Stage One Capital.**
- **Funding Significantly Advances Wilcherry Hill Project Towards Production.**

The Directors of IronClad Mining Ltd (ASX: IFE) advise that the Company is to raise approximately \$11.3 million from a rights issue of 15,132,969 shares at 75c per share on the basis of one IronClad share and one free attaching option for every four shares held. Application will be made for listing of the options which will be exercisable at 75c on or before 30th March, 2012.

The funds will be used for ongoing construction and fabrication for the \$26 million start-up of stage one of the Wilcherry Hill Iron Ore Project, including the securing of long lead time items. Production is expected to commence in the final quarter of this year.

The issue, which is fully underwritten by Intersuisse Limited, will give shareholders another opportunity to invest in the low cost start up of iron ore production from the Wilcherry Hill Project.

IronClad shareholders will also have an opportunity to apply for additional shares from any shortfall in the take-up of rights.

Upon the successful conclusion of the current rights Issue, IronClad will have raised approximately \$17 million, since December 2010, of the \$26 million start-up capital outlined as being required in the feasibility study. Current trends in China's iron ore consumption and the robust nature of the Wilcherry Hill project means that most of the remaining capital requirement could be satisfied from debt facilities and repaid early from production. This would remove the need to ask shareholders for further funding while preserving their equity levels and future value in the project.

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Several local and overseas financial institutions have expressed a strong interest in providing capital and the Company is currently in discussion with them.

The Wilcherry Hill Iron Ore Project is being developed to begin production of premium quality, Direct Shipping Ore (DSO) for sale to Chinese steel mills. Production is scheduled to begin in the December quarter, ramping up to 2 million tonnes a year of the premium product.

Sale of the first two years of production from stage one of the project have already been secured under a comprehensive sales contract and marketing agreement between IronClad and OM Materials Ltd of Singapore.

OM Materials will ship the ore to a stockpile in southern China for selling directly to the steel mills at prevailing market prices.

IronClad completed a feasibility study for stage one of the Wilcherry Hill Project late last year.

This indicated that, with an average iron ore price of A\$140 per tonne net of freight charges into China and initial operating costs of around A\$85 per tonne, the project would provide IronClad with margins of approximately A\$55 per tonne and an operating cash flow of around A\$110 million a year at full production during stage one.

The feasibility study also outlines how the Company can reduce its costs by up to \$19 per tonne within the two year period after start up.

IronClad Executive Chairman Ian Finch said that demand for iron ore in China had continued to strengthen since the feasibility study was concluded and was now at A\$182 per tonne for premium grade ore such as produced by Wilcherry Hill. *(Current iron ore prices for 62% fines into China, net of freight charges, are in the vicinity of \$160 / tonne).

The continuing strong iron ore demand, the robust nature of the project and rapid payback of capital expected from Wilcherry Hill stage one had prompted the Directors to re-think plans for capital raising. Latest planning aims to maximise the value held by current shareholders, Mr Finch said.



Ian D. Finch
Executive Chairman

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