IRONCLAD
MINING LIMITED

Level 2 , 679 Murray Street
West Perth , WA, Australia, 6005
Telephone: +61 (0)8 9485 1040
Facsimile: +61 (0)8 9485 1050
Website: ironcladmining.com

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Dear Shareholder,

Your Company is now taking the final steps to realise full value from the development of the Wilcherry Hill Iron Ore Project. The project has been moving forward, since discovery, for over four years and I feel it appropriate, at this time, to summarise what has been successfully achieved in that time and where the Company is now placed as a result.

The features which differentiate Wilcherry Hill from most, if not all, other iron ore projects in Australia today are the relatively low start-up capital cost of around $26 million and the robust rate of return and quick pay back that is possible to achieve at current and projected iron ore prices.

The project will produce up to 2 million tonnes of premium quality Direct Shipping Ore (DSO) a year in its first three to four years - for sale to Chinese steels mills under a sales and marketing agreement announced six months ago. Thereafter throughput will increase over time, with the addition of magnetite concentrates to inventory - with a target of 5 to 6 million tonnes output by the end of year three.

Based on our exhaustive feasibility study, we are currently assuming an average iron ore price of A$133 net of freight charges into China (current pricings are about A$144 net of freight costs), initial operating costs of A$85 per tonne and robust margins of approximately A$50 per tonne.

These figures, at first full year's production, will return an operating cash flow of around A$100 million a year in stage one of the project and will ensure a rapid payback of any borrowings.

The Wilcherry Hill Project is an 80:20 joint venture between IronClad and Trafford Resources Limited (ASX: TRF) which discovered the iron ore when exploring for gold in 2006.

This robust project, now approaching finality, is the outcome of four years of effort by Directors and professional staff of IronClad since the company was established to explore, develop, and operate the Wilcherry Hill Iron Ore Project and to market its products.

During this period we have ticked the following boxes on the path towards development:

- ✓ **Exploration**: Over **133,000m** of drilling has been completed over the iron ore deposits within the 976 km² Wilcherry Hill tenements. Previously unrecognised, high quality, skarn magnetite was identified. The large Hercules deposit 45km east of Wilcherry Hill was also discovered. Wilcherry Hill will supply ore to the project for many years whilst Hercules remains the long term future of the Company.

- ✓ **Resource estimate:** The Company announced a JORC compliant resource of 69.3 million tonnes of near surface crystalline (skarn) magnetite ore at Wilcherry Hill comprising 48 million tonnes in the indicated category and 21 million tonnes in the inferred category. The total potential for skarn magnetite is approximately 600-700 million tonnes. 198 million tonnes of ore has also been outlined at Hercules – however the overall potential there remains in excess of 1.5 billion tonnes.

- ✓ **Metallurgical Studies**: Extensive metallurgical and processing studies have confirmed that the Wilcherry Hill crystalline magnetite is an extremely high quality material, easy to mine, self fluxing and with very low level of contaminants.

- ✓ **Direct Shipping Ore Identified:** In August 2009 IronClad advised that tests on near surface high grade crystalline magnetite had demonstrated that some ore could be mined as a premium grade direct shipping ore (DSO) by crushing, screening and a simple dry magnetic separation process. The Company immediately focussed on defining enough DSO grade magnetite to achieve an early, low cost entry into iron ore production.

- ✓ **Iron Ore Sales Contract:** IronClad signed a comprehensive sales and marketing agreement with Singapore based OMS Materials on September 14, 2010 under which OMS will purchase the first two years production of Wilcherry Hill iron ore at market prices for shipment to a stockpile in southern China and distribution to steelmakers as required. OMS was also appointed exclusive agent in China for Wilcherry Hill Iron Ore.

- ✓ **Native Title Agreement**: A Native Title Mining Agreement signed by the Gawler Ranges Native Title Claim Group and Executives of IronClad on September 1st 2010 provides opportunities for the local Aboriginal people and opens the way for Native Title and Aboriginal heritage clearances.

- ✓ **Environmental Studies**: Over two years of environmental studies were completed and the results embodied in documents provided to the state government of South Australia for their consideration as part of the Mining Lease Approvals process.

- ✓ **Capital Raising**: In December 2010 the Company raised over $6 million of the total $26 million identified as the required start up capital. All Australian based shareholders are now being given the opportunity to participate in a further raising of $11 million. The directors have announced that it is their intention to raise the balance of the capital through borrowings which can be paid back from early production.

- ✓ **Mining Titles:** The Mining Lease Applications have been completed and submitted to the South Australian government for their approval. It is anticipated that such approvals should be forthcoming by August or September of this year.

- ✓ **Early Works:** An early works programme has previously been approved and many local site works have already been completed.

- ✓ **Mining, Transport and Port Contracts :** All major tenders and contracts pertaining to the project are in the process of finalisation.

As you will see from the (less than exhaustive) list above, there remain very few "boxes" left to tick!

Despite previous trials and tribulations, including the GFC, European financial meltdowns and numerous natural disasters, the winning post is now clearly in sight.

In making your decision as to the extent of your ongoing participation I urge you to consider the value of the offer before you.

Not only does the 75c price represent very good value in its own right, but the attaching option that you will receive for every new share allotted to you will mean that you will retain the right to further participate and expand your stake in the Company, at the same price, for up to another 12 months.

I commend this rights issue to you.

Ian D Finch
Chairman

** The information in this announcement that relates to results, is based on information compiled by Ian D. Finch, 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 Executive Chairman of the Company.*

Mr. Finch has sufficient experience which 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'. Mr. Finch consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

*** The Resource estimate was completed using the following parameters:*

- *The Resource Estimate Statement covers four deposit areas. For the four deposit areas, details are as follows:*
    - *Weednanna covers a 1,170m lateral extent from 6,373,390mN to 6,372,220mN (MGA94) and the vertical extent of the resource is 260m from surface at approximately 316mRL to 56mRL.*
    - *Ultima Dam East covers a 2,280m NW to SE lateral extent from 6,377,480mN to 6,375,200mN (MGA94) with a vertical extent of 190m from surface at approximately 290mRL to 100mRL.*
    - *Weednanna North covers a lateral extent of 1,280m from 6,374,600mN to 6,373,320mN (MGA94) with a vertical extent of 250m from surface at approximately 320mRL to 70mRL.*
    - *Ultima Dam West covers a lateral extent of 390m from 635,560mE to 635,950mE (total untested anomaly has a lateral extent of 2,400m) with a vertical extent of 150m from surface at approximately 300mRL to 150mRL.*
- *Drill holes used in the resource estimate included 251 holes for Weednanna (215 RC, 36 diamond core), 233 holes for Ultima Dam East (163 RC, 4 diamond core, 66 RAB & AC), 132 holes for Weednanna North (113 RC, 3 diamond core, 16 RAB) and 121 holes at Ultima Dam West (48 RC, 3 diamond core, 70 RAB) for a total of 69,740m within the resource wireframes. The full database contained records for 878 drill holes for 77,180m of drilling.*
- *Holes in the resource were drilled at section spacing's between 25m and 200m, but commonly at 25m.*
- *The majority of RC holes were sampled at 2m intervals (mid-2008 onwards). Historical RC holes and RC drilling from 2006 to mid-2008 were sampled at 1m intervals and converted to 2m composites. The sampling method involved collecting drill cuttings in pre-numbered calico bags from a rig mounted rotary cone splitter, while the remaining bulk material was collected to provide for further test work.*
- *Down hole geospatial surveying was conducted using both a north-seeking gyroscopic tool and a standard gyroscopic deviation tool for comparison.*
- *Collar surveys and topographic surveys were carried out using a differential GPS capable of 0.05m lateral and vertical accuracy using standard topographic survey techniques.*
- *Sample preparation and assay was carried out first by SGS Laboratories and later Amdel Laboratories in Adelaide, SA and Cardiff, NSW. Comprehensive assaying was routinely carried out using the XRF analytical method on a full suite of*

elements including Fe, Al_2O_3, SiO_2, CaO, MgO, K_2O, Na_2O, Mn, P, S, TiO_2, and three stage loss on ignition (LOI) at varying temperatures.

- *Drill data and Quality Control practices for the recent drilling have been reviewed by SRK Consulting and have been verified as accurate and unbiased. It is the view of SRK Consulting that the base data used in the estimates has provided a robust and accurate resource.*
- *Wireframes were constructed using cross sectional interpretations based on mineralised envelopes at nominal cut off grades of >15% Fe for the low grade mineralisation and >40% Fe for the high grade skarn mineralisation. Samples within the wireframes were composited to a best fit at intervals of 2.0m.*
- *A Surpac block model was used for the resource estimates with a block size of 12.5m x 12.5m x 4m vertical with sub-cells of 6.25m x 6.25m x 2m vertical for Weednanna and Weednanna North, and 25m x 25m x 4m with sub-blocking of 6.25m x 6.25m x 4m for Ultima Dam East and Ultima Dam West.*
- *Ordinary kriging was used for Grade Interpolation for each deposit. The 15% and 40% wireframes were used as hard boundaries and each shape was estimated separately, meaning blocks within a shape were only informed by composite within the same shape. The dimension and orientation of the ellipsoid were different for each deposit but all had the same orientation as the calculated variogram anisotropy for its respective deposit.*
- *Specific Gravity (SG) calculated by applying the polynomial best fit equation SG = (0.00043*(fe_est*fe_est)-(0.00008*fe_est)+2.67682)) derived from 439 pycnometer values and assuming a 2% porosity.*
- *The resource was classified as an Indicated and Inferred Mineral Resource, which was based largely on the kriging quality parameters, in particular the slope of regression. The Indicated portion of the resource included areas where drill spacing was less than 50m by 50m and lode continuity was good. The Inferred portion included areas where sampling occurred on sections greater than 50m by 50m (or 100m by 50m) and where isolated, poorly understood zones of mineralisation may have occurred. Approximately 70% falls within the Indicated portion of the resource.*