HD **IronClad Mining Limited - Wilcherry Hill Iron Ore Project Update**

WC 1,527 words

PD 23 September 2014

SN ENP Newswire

SC ENPNEW

LA English

LP

Release date - 19092014

The Directors of IronClad **Mining** Ltd (IFE: ASX) are pleased to provide an update of the Wilcherry Hill **Iron Ore** Project in the North of the Eyre Peninsula, South Australia.

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The Project is an 80%: 20% Joint Venture with Trafford Resources Limited (TRF: ASX).

Highlights

Discussions with Arrium on **Iron Ore** Mine Gate Sales progressing.

Possible **Mining** Start up in November.

Desk Top Study of DMS Indicates Larger, Higher Grade Stage 1 Potential.

Strong Manganese Drill Results at Hercules.

Dry Magnetic Separation.

Stage One is defined as **mining** and **sale** of Direct Shipping **Ore** (DSO) and specification **ore** that can be produced by a simple Dry Magnetic Separation (DMS) process.

Stage Two is defined as the **mining**, processing and **sale** 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.

Arrium

Discussions are currently being held between the Wilcherry Hill Joint Venture (IFE 80% and TRF 20%) and Arrium Limited (previously One Steel Limited) regarding the potential **sale** of the Joint Venture's direct shipping **iron ore** (DSO) from the Wilcherry Hill **mining** leases, approximately 40 kms North of the town of Kimba in South Australia.

If agreement is reached with Arrium, it is the Joint Venture's intention to mine an initial trial pit at the Weednanna deposit. The trial pit will be designed to generate both high grade **iron ore** for direct **sale** to Arrium and bulk samples for ongoing beneficiation test work.

All statutory **mining** approvals have been in place at Wilcherry Hill for some time. **Mining** of the proposed pit could, therefore, commence as soon as commercial terms have been agreed with Arrium and **mining** and transport contracts have been put in place. Subject to the above, **mining** could start in November 2014 with exports and revenues commencing in the first quarter of 2015.

Metallurgical Testwork

Previous Dry Magnetic Separation (DMS) production was designed around a 6.3 millimeter product size. This process produced a product grade of approximately 58% Fe with a resource to reserve conversion rate of approximately 20%.

The increased supply of **Iron ore** in world markets continues to depress prices, particularly for sub 62% Fe. **ore**. In order to maintain margins and avoid the heavy discounting experienced for sub 62% Fe,

Ironclad has recently completed a desktop study to determine the viability of creating a +62% Fe product by enhanced DMS methodology.

On the basis of metallurgical test work completed to date and a study of similar **operations** in Mauritania, the desktop study confirmed the feasibility of creating a high grade concentrate using DMS. Importantly the study indicated that a resource to reserve conversion rate of between 60% and 70% could be achieved. The optimum particle size for this process will be determined by ongoing test work.

The additional metallurgical work to confirm the details of this study is now planned. It will focus particularly on crushing / grinding options. Methods under consideration include high pressure grinding rollers (HPGRs) and conventional coarse grinding circuits.

If successful it will mean that, including the existing DSO material, Stage One could be expanded to between 6 and 8 **million** tonnes of premium (+62% Fe), low contaminant product, depending on prices and the USD / AUD exchange rate - or an approximate 4 to 5 year production period. The **Company** is also evaluating a number of new innovative processes to beneficiate the lower grade **ore**.

Early test work has been encouraging.

Manganese

Highlights:

2,187 metres RC drilling completed at Hercules East and Hercules North.

Mineralization at Hercules East defined over a strike length 250m. Up-dip extensions to the east confirmed.

Manganese intersected at Hercules North.

Overall results include:

8m @ 16.81% Mn (14HCRC014, 32m - 40m)

5m @ 28.22% Mn (14HCRC017, 11m -16m)

5m @ 19.46% Mn (14HCRC023, 33m - 38m)

5m @ 24.72% Mn (14HCRC031, 8m - 13m)

IronClad **Mining** Ltd's Managing Director Robert Mencel said - 'These drilling results continue to reinforce the notion that IronClad **Mining** has discovered a substantial manganese system. Based upon the grades and widths intersected, the Hercules East prospect is likely to be economically significant.'

At the Hercules East Manganese Prospect, the objective was to test for up dip and strike extensions to the mineralization intersected during the January 2014, 7 hole drilling campaign. At the Hercules North Manganese Prospect, the objective was reconnaissance exploration to assess the potential of the anomaly identified in the surface geochemical survey and follow up drilling testing the extent of the previous manganese intersection in hole 13HCRC001 (7m @ 20.2% Mn).

Encouraging intercepts of manganese mineralization were again recorded. Highlights include:

8m @ 16.8% Mn (14HCRC014, 32 - 40m)

5m @ 28.22% Mn (14HCRC017, 11-16m)

5m @ 19.46% Mn (14HCRC023, 33 - 38m)

5m @ 24.72% Mn (14HCRC031, 8 - 13m)

Hercules East Manganese Prospect.

Fifteen holes at nominal 50m x 50m spacing were completed. The results extended the mineralization intersected in January 2014 to a total strike length of 250m. Mineralization was extended up dip to the east by 35m.

Hercules North Manganese Prospect

Eleven drill holes were completed in this prospect area. Nine holes were aimed at testing a broad geochemical anomaly and 2 were designed to follow up the previous manganese intersection in hole

13HCRC001 (7m @ 20.2%). Drillholes spacing were up to 200m x 50m Four of the reconnaissance holes intersected anomalous manganese mineralization at greater that 10% Mn, the highlight being 14HCRC031 returning 5m @ 24.7% Mn from 8 - 13m down hole.

Drill hole spacing was up to 200m x 50m in this area. At this stage it is believed that the source of the Manganese lag anomaly has not been fully tested. Follow up drilling of hole 13HCRC001 confirmed an up dip extension to the mineralization with 14HCRC014 intersecting 8m @ 16.8% Mn from 32m - 40m.

Banded **iron** formation sequences similar to those intersected at Hercules East were logged in all 11 holes.

Pier Dam Prospect

First phase geological mapping complete.

8km strike length of enriched manganese mineralization identified.

Grades up to 44.2% Mn.

Prospectivity

Geological mapping and surface rock chip sampling was completed over the 50km2 area Pier Dam Manganese prospect. The results verify the significant manganese mineralization noted at this prospect since the late 1970's by previous explorers.

Scattered outcrops and sub-crops of surface enriched manganese oxide occur throughout the prospect area and define an 8km NW mineralized corridor

Processing Desktop Study

A preliminary desktop study into the processing of potential manganese ores from the Hercules and Pier Dam prospects was completed.

Surface **ore** samples and drill chips have shown a declining **iron** content with increasing manganese grade which may **lead** to production of at least two products - a manganese **ore** with low **iron** content and a manganese/**iron ore** with higher **iron** content.

Preliminary test work on the manganese **ore** to date indicates that gravity concentration represents the best processing option.

Trafford Manganese Joint Venture.

The 'earn in' period, during which IronClad has the right to earn up to an 80% interest in the manganese rights on the joint venture tenements, has been extended by mutual agreement, by an additional 12 months.

Finance

Despite receiving all major approvals in October 2013, financing of the $23 **Million** capital required for stage one commencement has proved difficult to achieve in the current low **iron ore** price climate.

With share prices at 2 and 3 year lows across most companies in the junior resource sector the directors resolved to minimise share holder dilution by acquiring the startup capital via debt facilities at this time. Several forms of debt providers were, therefore, pursued. These included Australian and overseas, conventional retail and commodity banks as well as a range of end users in **China**, Japan, Korea and India. In addition, several trading houses and other commercial loan providers were also approached including some from the Middle East.

Generally speaking the conventional retail and commodity banks approached by IronClad found the debt capital requirement of too small a scale to fit their lending criteria. The two to three year start up period also proved to be of too short a duration to cover their internal risk profiles. End users, trading houses and none bank loan providers were much more receptive to the project and a number of detailed discussions were held.

Several negotiations were well advanced by the beginning of the year. However the rapid cyclical decline in **Chinese ore** prices since the beginning of this year has caused most third parties to place these discussions on hold.

In light of the above, an approach was made to Arrium - with a view to IronClad negotiating a ‘mine gate’ **sale** of its **ore** to the exporter. A potential ‘mine gate’ **sale** to Arrium Limited provides IronClad with a low capital start up option. Arrium have been receptive to the concept and discussions are ongoing.

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CO inclad : IronClad Mining Limited | trfaus : Trafford Resources Ltd

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AN Document ENPNEW0020140923ea9n0004u

