



TRAFFORD
RESOURCES LIMITED



**Company
Insight**

the intelligent market update

Trafford Resources Limited

Highlights of interview....

- Explains reasons for aggressive exploration
- Describes lead/zinc/silver mineralisation at Telephone Dam & gold potential near Weednanna
- Explains South Aust Govt assessment of the potential on Trafford's newly awarded leases
- Future exploration
- Future cash flows at Wilcherry Hill Iron Ore Project

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“Company Insight – MD Finch Explains Aggressive Exploration”

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Trafford Resources Limited (ASX code: TRF; market cap. of ~\$30m) recently announced that it had cashed up through the sale of approximately 2.5 million shares in Robust Resources Limited for \$4.1 million to launch an aggressive exploration programme in South Australia. Can you summarise the Company-wide exploration programme including previously planned exploration?

Ian Finch, Managing Director

With development of the Wilcherry Hill crystalline magnetite iron ore project in South Australia on track to begin production late this year Trafford is planning two advanced exploration programs for other minerals at Wilcherry Hill. One is for lead / zinc / silver at Telephone Dam and the other is for gold within, and close to, the Weednanna iron ore deposit.

It is planned to progress exploration at Wilcherry Hill to stages where, if viable, we can develop two more mines, one for lead / zinc / silver at Telephone Dam and one for gold at Weednanna. Overall the Wilcherry Hill Project covers some 960 sq km. The Telephone Dam occurrence is only one of six lead / zinc / silver exploration targets yet to be fully drilled.

Trafford has also applied for more than 2,000 sq km of highly prospective tenements (named the Jumbuck Project) in the recently released Prohibited Zone of the Woomera Defence Area. Trafford will begin Greenfields exploration at Jumbuck as soon as the tenements have been granted. We believe that early exploration there will generate drilling targets which may lead to the discovery of further mining opportunities for Trafford.

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What has encouraged Trafford to take a more aggressive approach to exploration and why South Australia?

Ian Finch, Managing Director

Trafford has been greatly encouraged by the amount of success we have had in South Australia in our first five years as a Company and by the enthusiastic support of the South Australian Government for mineral exploration and development. Let me remind you that we discovered the Wilcherry Hill crystalline magnetite deposits at Wilcherry Hill within six months of being listed in 2006. Very early in the life of the project we also recognised the metallurgical qualities which make crystalline, skarn magnetite such an attractive proposition for low cost mining and processing.

In less than a year from Trafford's listing we established IronClad Mining Limited (ASX: IFE) to explore, develop, mine and market the Wilcherry Hill crystalline magnetite discovery. Now, four years after establishment, IronClad is within six months of starting production of Stage One of its iron ore project which, after a ramp up first year of 1 million tonnes, will see staged increases to two million tonnes in year 2 and 3 and 4 to 5 million tonnes per year from year 4. Tonnages of this product, which is high grade, premium priced Direct Shipping Ore (DSO) will be further augmented when the massive Hercules project gets underway in approximately 4 to 5 years time. Trafford has a 20% direct interest in the project in joint venture with IronClad and a current 36% shareholding in IronClad.

With Wilcherry Hill iron ore well on the way towards generation of a healthy cash flow Trafford is now focusing on exploring Telephone Dam lead / zinc / silver and Weednanna gold. By applying for 2,000 sq km of new ground at Jumbuck, Trafford is taking an opportunity provided by the South Australian Government to explore in one of the most exciting releases of new exploration ground in Australia in the past 50 years.

To fund this greatly expanded exploration Trafford recently sold approximately 2.5 million of the 7.8 million shares it previously held in Robust Resources Limited, realising \$4.1 million. This is a case of successful exploration and good investment facilitating new exploration. Trafford acquired the Robust shares in return for \$2.52 million in placements to fund Robust's very successful exploration for gold, silver and base metals on Romang Island in Indonesia during the depths of the Global Financial Crisis in 2008 and 2009.

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Why do you consider your new Jumbuck Project so prospective when the tenements have just been opened by the Commonwealth and South Australian Governments? How will you approach initial exploration?

Ian Finch, Managing Director

The previously prohibited zone within the Woomera Defence area is completely underlain by the Gawler Craton, a mineral rich area which already hosts the Olympic Dam, Prominent Hill, Cairn Hill and Challenger mines as well as major advanced exploration projects such as Carapateena. Trafford's tenement applications surround the Challenger Gold Mine.

The various South Australian and Commonwealth resource industry agencies and ministries which studied this area before recommending that it should be released for exploration estimated that more than \$35 billion in mineral developments, including iron ore, gold and uranium mining were possible there in the next decade. The evidence from extensive pre-commercial geological and geophysical exploration already undertaken there by the South Australian Government, the evidence from past commercially driven exploration in that part of the Gawler Craton, and evidence from already established mines, all point to this area being highly prospective for large Iron Oxide, Copper, Gold and Uranium targets (IOCGUs).

Trafford has a well established expertise in exploration for IOCGUs. We will take an informed, forensic approach - first studying all existing evidence available from the South Australian Government's publicly available research, and from evidence available from historical exploration. We will make a thorough review of those existing data followed by detailed geological and geophysical testing to focus on the most attractive prospects within Jumbuck before designing targeted drill programmes.

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Can you summarise the status of the Telephone Dam and Weednanna Gold projects?

Ian Finch, Managing Director

The latest drilling at Telephone Dam has confirmed extensive tabular zones of commercial grade lead, zinc and silver, over a 1,500 metre strike length, initially outlined by the 2008 and 2009 drilling. The deposit, consisting of two, sub-parallel zones, remains open to the North, South and at depth. Drill chips from the recent drilling have been submitted for metallurgical test work. This is to be completed on both oxidised and fresh samples. Results can be expected during this current quarter and will assist in framing our future approach to Telephone Dam.

The broad extent and shallow depth of the mineralisation, its proximity to the mining infrastructure being developed for the Wilcherry Hill iron ore mine only a few kilometres away, to the ports, roads and railways serving the Eyre Peninsula region and to the Port Pirie lead smelter some 240 km away, all add to the economic attraction of this discovery.

At Weednanna we have assayed more than 5,000 samples from historic drilling, from drilling by Trafford itself and from drilling in IronClad's iron ore exploration. The assays have identified two styles of gold mineralisation - gold directly associated with the crystalline magnetite iron ore which is common along the 1,200 metre length of the Weednanna anomaly and gold adjacent to, but not directly associated with, the iron ore. Our exploration team has been working on metallurgical test work, recovery and processing options, structural analysis including geological imaging and on geological interpretation.

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What are the next steps to advance these two projects?

Ian Finch, Managing Director

At Telephone Dam we have metallurgical test work to undertake, and extensive follow-up drilling programs to complete as a precursor to defining resource quantums. We also need to further assess the 5 or 6 other lead / zinc / silver prospects at Wilcherry Hill in order to prioritise future drilling.

At Weednanna, we are completing detailed geophysical analysis, particularly of the "non magnetite associated" gold and intend to test our mineralisation model with further drilling later this year.

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Can you give a brief update on the Wilcherry Hill Iron Ore Project (TRF 20% plus 36% indirect equity interest), which is operated by IronClad Mining?

Ian Finch, Managing Director

Development of Stage One of the Wilcherry Hill Iron Ore Project is moving forward very well. The Joint Venture expects to receive mining lease approvals soon and full (MARPs) approvals by September or October. Construction of the mine village at Kimba is underway. We have already completed the Native Title Agreement, environmental studies and various site works. We have quite a simple construction phase

to complete for Stage One and that too will get underway as soon as full mining approval is granted by the South Australian Government.

The decision to develop a bulk shipping, trans-shipping port, including a floating harbour, on Spencer Gulf has been widely welcomed by the South Australian Government as an important State development milestone and by the IronClad and Trafford shareholders because it will significantly reduce operating costs by approximately 20% to 25%. We are on track to begin shipping the first high quality, premium priced crystalline magnetite Direct Shipping Ore (DSO) from the Wilcherry Hill Iron Ore Project by the end of this year.

Based on an assumed iron ore price of \$140 per tonne, which is conservative against current higher prices, this should generate a total of over \$350 million for the joint venture in its first four years of production. Twenty per cent of this will flow to Trafford (excluding our indirect interest in IronClad). We believe we are building a very robust iron ore project which will facilitate further exploration and development by Trafford. This is good news for our shareholders.

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Thank you Ian.

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