

Attention : ASX Company Announcements Platform

Lodgement of 'Company Interview'



IronClad Mining Limited

Date of lodgement: 27/5/2015

TITLE: "Company Interview. Forward Path Post Trafford Merger"

Highlights:

- Explains rationale for Trafford & IronClad merger.
- Independent Expert's conclusion of a 'fair and reasonable' deal.
- Outlines main assets of merged group.
- Will aim to sell non-core assets.
- Objectives for production-ready iron ore project.
- In meantime will concentrate on large gold & base metals tenements in South Aust.
- Several gold anomalies already identified proximate to Challenger's 1 m. oz mine.
- Merged company targeting 2 million ounces of gold in inventory.
- Will also advance known tin lead & zinc deposits once funding markets improve.
- Renaming merged company 'Tyranna Resources' to best reflect diversified assets.

Record of interview:

Company Interview question:

Following the lodgement of a Scheme Booklet with ASX on 31 March by Trafford Resources Limited outlining the proposed merger, whereby IronClad Mining (ASX code: IFE) would acquire all the ordinary shares in Trafford, Trafford shareholders overwhelmingly voted in favour of the merger at a meeting on the 4th May 2015. Could you give a brief explanation of the rationale of the deal for both companies (you are on both Boards) including synergies and cost savings?

Ian Finch, Executive Chairman:

IronClad was created as a single project company, formed in order to develop the Wilcherry Hill iron ore project in South Australia. With the rapid retreat in iron ore prices and no indication of a

foreseeable recovery, an alternative direction had to be found. Trafford, its sister company, from whom it emerged in 2007, had a broad based exploration and development portfolio.

IronClad had, in its portfolio, a number of fixed assets which became superfluous to needs even with a rebounding iron ore price. The value of those assets, according to an independent assessment, was in the region of \$10 Million. Trafford, on the other hand, had a plethora of excellent projects but, in an extremely difficult equity market, was faced with the possibility of disposing of top class assets, at “fire sale” prices, in order to fund others.

So, put simply, IronClad was potentially cash rich but asset poor whilst Trafford was cash poor but very asset rich. It therefore made sense to merge the two entities for the future benefit of both sets of shareholders.

The resultant merger has created an entity with a cleaner ownership structure and a broader commodity exposure. Importantly there is now a centralised, lower cost administrative burden and improved stock liquidity. IronClad now has a dominant land position in South Australia, with access to over 10,000 Km² of tenements in key areas and commodities, including gold, tin, iron ore, lead, zinc silver and manganese.

Company Interview question:

The Independent Expert concluded that the merger was ‘fair and reasonable’. What were the summary reasons for that determination?

Ian Finch, Executive Chairman:

There are three independent reports contained within the Scheme Booklet.

Those independents have reported on the relative asset values of the two companies as well as a number of other comparative issues, such as ASX trading history.

On all counts the lead independent firm, BDO, found that the offer by IronClad, of one share for each Trafford share, to be fair and reasonable.

Company Interview question:

Now that the Trafford shareholders have approved the merger and the courts and all regulatory bodies have also sanctioned it, can you describe the main assets of the merged group and its expected financial position?

Ian Finch, Executive Chairman:

As I have previously mentioned, the merged entity now controls over 10,000 Km² within South Australia. A position only bettered, in that state, by BHP and Rio Tinto. The major land holding, and main focus moving forward, is the 7,100 Km² surrounding the 1,000,000 ounce Challenger gold mine. This is called the “Jumbuck” project and, over the ensuing months we will be concentrating all of our exploration and development expertise into creating new gold resources with the ultimate aim of discovering a second, and perhaps, a third “Challenger” in the region.

As well as possessing a large area of 100% owned tenements within the area, the Company, through its subsidiaries, also has a joint venture with Kingsgate Consolidated, the owners of the

Challenger mine. IronClad currently has a 53% interest in that J/V and is its manager. Under the Joint Venture agreement IronClad has access to the Challenger plant for the purpose of processing joint venture gold ore.

To the South of the Gawler Craton, and also in South Australia, is the “Wilcherry Hill” area. Here the iron ore project remains primed to restart when iron ore pricing returns to more commercial levels. In addition, the Wilcherry Hill area also hosts the tin province, recently discovered by Trafford as well as the lead, zinc project centred on the “Telephone Dam” area. There are also significant indications of manganese and silver deposits in this unique geological setting.

Company Interview question:

Is the merged company considering selling non-core assets, given the large amount (number and size) of exploration and mining tenements that the company now has?

Ian Finch, Executive Chairman:

Yes indeed. Whilst the scheme of arrangement was underway we were unable to monetise assets as it could have had an effect on the proposed merger. However now that shareholders and the courts have approved the merger certain assets have been put on the market. We expect that these could take a few months, but it is a major part of our “re-capitalisation” process. In this way, shareholders are less likely to suffer dilution and we will be able to go forward with our plans to attain gold production as soon as possible. I do stress, however, that we have no plans in place to sell projects, only superfluous fixed assets such as our powered barge and rotainers.

Company Interview question:

It has been a hard few years for smaller, non-producing resource companies to raise capital. Do you expect a larger, merged group to have more success? The merged Company will own 100% of the well-advanced Wilcherry Hill Iron Ore Project in which a great deal of capital expenditure has been invested. What can we expect on the iron ore front?

Ian Finch, Executive Chairman:

Capital raising for junior companies remains very difficult. That is precisely the reason that the boards of Trafford and IronClad acted as they did in merging the two companies. A single, re-capitalised company with cleaner ownership, the removal of duplication, with a consolidated technical team and a broad project base across a range of commodities is a much more compelling investment case than would have been the case for either company individually.

For the time being the iron ore project at Wilcherry Hill is “parked”, but will remain primed ready to commence production upon a return to appropriate iron ore pricing levels. We would need to see sustainable iron ore prices around the A\$100 per tonne mark before considering a production start-up however. This may not be as far off as some commentators and analysts make out. The key for IronClad will be the US\$ / A\$ exchange rate going forward. For example, a USD\$70 per tonne iron ore price together with a 70c Australian dollar would achieve our target. This, in my opinion, is not beyond reach.

Company Interview question:

If iron ore is not to be the number one priority of the merged entity at the moment, which commodity and specifically which project will you be concentrating on in the future, and why?

Ian Finch, Executive Chairman:

Clearly the Company does not wish to spend shareholder's funds in the pursuit of a non profitable iron ore mine. We must take cognisance of what the market is telling us, and that is.... there is a strong resurgent interest in gold and particularly "near production" gold projects.

For some years now Trafford has been building a substantial presence in, what was once, the Woomera prohibited area in the north of South Australia's Gawler Craton, to the point where it now controls an area over 7,000 Km² centred on the 1 Million ounce Challenger mine. We believe that this very poorly explored part of South Australia is analogous to the Albany – Fraser mobile belt in Western Australia where, in recent years, two massive new ore bodies "Tropicana" (Gold) and "Nova / Bollinger" (Nickel) have been discovered. This was an area once thought to have little exploration value!

The Challenger area has been underexplored for two main reasons. Firstly, access to much of the area has, until recent times, been prohibited due to Australian Defence Force requirements and – secondly - since the discovery of Olympic Dam in 1975 most of the mineral exploration has been concentrated in those parts of the mobile belt to the East of the Craton - to the North and South of Olympic Dam itself. Discovery successes at Prominent Hill and Carapeteena ensured that the Western Gawler remained "starved" of exploration expenditure.

Company Interview question:

It's generally held that the Challenger Mine is an isolated, "one off", out there in the remote Northern Gawler Craton. Why are you prepared to concentrate your efforts and precious shareholder funds in that area and what are your targets?

Ian Finch, Executive Chairman:

Nothing could be further from the truth. Within a 100km radius of the Challenger mine there is a plethora of gold opportunities, ranging through a full spectrum of exploration and development levels.

In the 1990's a SA Mines Department random, gold drill intersection led to early explorers carrying out a surface, calcrete sampling programme over approximately 16,000 Km², on a 1 mile X 1 mile grid (1.6 km X 1.6km). ONE of the thousands of samples returned a single point anomaly of 185 ppb (parts per billion) gold. This became the million ounce Challenger mine. There were over 300 similar, or larger, gold anomalies of which approximately 40 have subsequently been followed up. Astonishingly, nearly all of those 40 anomalies that were tested returned positive gold results from first pass drilling. Of those 40, approximately 10 were further drill tested resulting in 8 occurrences with a series of potentially commercial intercepts. These 8 prospects are currently at differing levels of exploration and development within the area of our Joint Venture with Kingsgate Consolidated Limited.

The sheer, widespread occurrences of gold surrounding a known 1 million ounce deposit cannot be ignored. We believe there must be similar or larger gold occurrences in this area awaiting discovery.

Company Interview question:

So ... if you are able to outline new gold resources, what guarantees do you have that the ore can be processed and what are the likely economics of any such discoveries?

Ian Finch, Executive Chairman:

As I have said, there are already eight prospects at an advanced exploration level. One of these - "Golf Bore" – already has a gold resource estimated for it.

We intend to follow up each prospect in order, concentrating on the necessary requirements to convert each into a mineable resource. Clearly, varying amounts of drilling will be required in each case. However, in some cases like Golf Bore, only a limited amount of drilling will be required in order to produce a mine plan. Other prospects might take a little longer to outline resources with two or more drilling phases; however the intention will be to create a pipeline of projects conveying ore to the centrally located Challenger mill. Our first target will be to identify an inventory of approximately 500,000 ounces of near surface, low cost ore.

Thereafter, as we drill beneath the shallow ore and expand our horizons to those gold anomalies not yet tested, we will be targeting over 2 million ounces of gold in inventory. We anticipate that, given the existing data set, the discovery of other "Challengers" is a strong possibility.

Company Interview question:

Are you saying that this remote area has an abundance of gold, yet is un-prospective for other minerals? If that is not the case, why are you not exploring for other minerals as well as gold?

Ian Finch, Executive Chairman:

As I've indicated this area is highly prospective for gold and in that sense the analogy with the Fraser – Albany mobile belt in Western Australia holds good. One can look at the Challenger mine with all its surrounding gold plays and liken it to a potential "Tropicana".

That, in no way, diminishes this area as highly prospective for other minerals, such as nickel. Nearly all of the surface calcrete samples I spoke of earlier were assayed for a range of other minerals with some notable anomalies occurring. At Thunderbolt Tank on IronClad's 100% owned ground a coincident 480 ppm nickel and 180 ppm copper anomaly occurs. Those figures are highly anomalous and will be followed up in due course. To the South, Marmota Energy investigated another coincident nickel / copper anomaly at "Durkin" where they say that the geological settings are similar to those at the "Nova" discovery in Western Australia.

The main reason, however, for our lack of exploration in the region is that our joint venture with Kingsgate is actually a gold only joint venture and precludes all other minerals. This was also the case with our predecessor Southern Gold Ltd, from whom we acquired the 51% interest in the joint venture.

Prior to that, previous explorers, naturally enough, concentrated on gold exploration after the Challenger discovery.

Company Interview question:

Over the past 7 or 8 years Trafford made the important discovery of commercial tin at Wilcherry Hill and extended the known lead and zinc deposits at the Telephone Dam prospect as well. Are these projects going to form part of your ongoing plans?

Ian Finch, Executive Chairman:

Yes, very much so. Each of those commodities requires specific exploration and development programmes, each with its attendant funding needs. Until such time as the markets for equity funding improve, we will have to reduce our workload there, in order to prioritise and channel valuable resources into the exciting Challenger programme. At the appropriate time, however, these excellent projects will be advanced more rapidly.

Company Interview question:

The merged entity is to be renamed Tyranna Resources Ltd, subject to approval by shareholders. Can you summarise the outlook for Tyranna and, most importantly, how do you expect this “rebadged” company will benefit shareholders?

Ian Finch, Executive Chairman:

I believe that it is necessary to rebadge IronClad, simply because it is now a multidimensional company, as opposed to the one project company that it was. It still has a bent for production, but is moving away from the commodity that its name suggests.

I believe we have yet to see the resurgence of the gold markets. With only stuttering improvements in the world’s largest economy in the USA and doubts over the European and Chinese economies it would not surprise me to see a strong upswing in this “safe haven” mineral called gold. The newly merged entity is exceptionally well placed to take advantage of any upswing bearing in mind that, through the merger IronClad also has an approximate 8% interest in Orinoco Gold Limited. Orinoco is fully funded and heading into gold production in Brazil by year end.

But even without any dramatic uplift in gold price, IronClad shareholders can look forward to a bright future.

Or should I say...Tyranna shareholders!

Company Interview:

Thank you Ian.

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