



Trafford Resources Limited

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ASX Release

Trafford to Raise \$3.75 million to Support Wilcherry Hill Development

The Directors of Trafford Resources Limited (ASX: TRF) advise that the Company is to raise approximately \$3.75 million by way of a renounceable rights issue to all shareholders in order to facilitate an early works program and finalise the Definitive Feasibility Study (DFS) for Stage 1 of the Wilcherry Hill Iron Ore Project.

Trafford, which owns 50% of the shares in IronClad Mining Limited (ASX:IFE) the operator of the Wilcherry Hill Joint Venture, also holds a 20% free carried interest in the Joint Venture with IronClad, which holds an 80% interest.

Stage 1 of the project is being fast-tracked into production to begin supplying high quality, low contaminant Direct Shipping Ore (DSO) to the Chinese steel industry by the end of this year.

Trafford's contribution to this work will be effected by offering shareholders one new Trafford share at 50c a share, for every ten shares held in the Company. Subscribing shareholders will also receive one free option for every two shares subscribed for. Each option will be exercisable at 70c at any time within a two year period. The Company intends to apply to ASX for listing of these options.

This arrangement will give Trafford's shareholders a further opportunity to increase their stake in the Wilcherry Hill Iron Ore Project which is located 50km north of Kimba on the Eyre Peninsula in South Australia (by subscribing to the rights issue Trafford will maintain an effective 60% ownership of all the iron ore at Wilcherry Hill) It will also provide shareholders additional exposure to all other Trafford projects, including any gold won from Wilcherry Hill and to the increasingly promising Telephone Dam lead / zinc / silver project.

Completion of the DFS and activation of the early works program by IronClad will mean that long lead time items in Stage 1 of the three stage development can be secured, thus maintaining a fast track approach to production.

Stage 1 (a) of the project will produce iron ore at +62%Fe by simple low cost dry crushing, screening and magnetic separation at up to two million tonnes a year for at least three years.

Stage 1 (b) will require the addition of a simple, low cost gravity circuit to the plant in year two or three, securing DSO output for at least a further three years before Stage 2 (wet beneficiation) commences.

Stage three of the project is defined as production from the massive Hercules Project, comprising the production of Banded Iron Formation (BIF) magnetite, hematite and goethite

There is strong demand for the high quality Stage 1 DSO in China and IronClad has already signed a Memorandum of Understanding (MOU) with Liuzhou Iron and Steel Co. Ltd of China (LISCO) for the sale of a minimum of one million tonnes a year of the material.

Foreign companies have also demonstrated strong interest in acquiring a financial interest in the Wilcherry Hill Project because of the exceptional product quality and likely high rate of return forecast for the project, but these companies also require clarity on Australia's future resources regime before they can commit funds.

Trafford originally acquired the Wilcherry Hill Project as a gold target and under the terms of its Joint Venture Agreement with IronClad has retained the right to any gold mined within the Project boundaries.

Trafford has previously reported gold mineralisation, associated with the iron ore, from earlier drilling and from historic gold exploration on the project.

When iron ore mining commences most of the gold mineralisation will be separated from the iron ore in the processing and, although quantities have yet to be assessed, Trafford is expected to become a gold producer with the start of iron ore mining at Wilcherry Hill.



Ian Finch

Managing Director

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