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3rd December, 2013

## Government Approves Port Development

The Directors of Trafford Resources Limited (TRF:ASX) are pleased to announce that the South Australian Government has given their approval for the development of the multi user port at Lucky Bay, near Cowell on the Eyre Peninsula of South Australia.

The approval marks the last major regulatory hurdle for the Wilcherry Hill Iron Ore Project, a 20% / 80% Joint Venture (J/V) between Trafford and IronClad Mining Limited (IFE:ASX). Enabling commencement of work on the port is the last link in the infrastructure chain necessary to market the J/V's iron ore.

Upon IronClad completing debt finance negotiations, Stage 1 mining will commence at Wilcherry Hill, approximately 40 km north of Kimba. Following the approval of the port development ore can now be stockpiled at Lucky Bay ready for transshipment by tug and barge to waiting offshore vessels.

The economics of Stage 1 of the project are extremely robust and Trafford is now in sight of its objective of realising a significant cashflow from the project in order to self fund its ongoing exploration.

In addition to Trafford's 20% ownership of the project it is also the major shareholder in IronClad, having approximately 27.5% of the issued capital.

For further detail we attach the recent IronClad Mining announcement to ASX.

Ian Finch

Managing Director

**Trafford Resources Limited**

**ASX CODE: IFE**

3<sup>rd</sup> December 2013

**DIRECTORS**

**Robert Mencil**  
Managing Director

**Ian Finch**  
Executive Chairman

**Neil McKay**  
Company Secretary and  
Non-Executive Director

**Peter Rowe**  
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## **GOVERNMENT APPROVES PORT DEVELOPMENT**

### **Highlights**

- **Last Link in Infrastructure Chain Confirmed**
- **All Major Regulatory Approvals Now in Place**
- **Way Clear for Wilcherry Hill Iron Ore Project to Commence**
- **Current Financing Negotiations to Accelerate**
- **Strong Stage 1 Economics**
  - Cash Flow of **AU\$95 Million** after Capital Repayment at Current Prices\*.

\*Undiscounted at US\$136 and AU\$0.91c

The Directors of IronClad Mining Ltd (ASX: IFE) are pleased to announce that the Government of South Australia has approved the Company's application for its planned development at the port of Lucky Bay on the Eyre Peninsula. With all other major approvals already in place, this now paves the way for the commencement of the Wilcherry Hill Iron Ore Project (WHIP). The Project is an 80% : 20% Joint Venture with Trafford Resources Limited (ASX: TRF).

The application was made in order to amend the previous requirement to transport ore in closed containers from the mine site, 40kms North of Kimba, to the wharf side at Lucky Bay. The application requested the establishment of a modest bulk ore stockpile facility at the port. Reduction of required container numbers from over 3000 to 250 will now remove a significant financial impost to the project.

The amendment application resulted in an additional 46 items requiring significant further input by IronClad / Sea Transport Corporation (STC) on issues such as (but not limited to) dust, acoustics and stormwater, including data gathering, modelling and the formulation of detailed operational control management plans. The Company's comprehensive response to all questions has allowed the Minister for Planning to approve IronClad's port development plans, subject to the implementation of normal operational conditions and environmental safeguards.



The Directors would like to take this opportunity to thank the staff at the South Australian Department of Manufacturing Innovation, Trade, Resources and Energy (DMITRE) for their assistance in facilitating the approval process.

## Finance

An intensive economic review was undertaken over the past 12 months and, despite operating costs being trimmed by approximately 25%, the start-up Capital requirement for Stage 1 has remained close to budget at approximately \$15 Million. The purchase and construction of a Company owned and run crushing plant is likely to add a further A\$6 Million to the start-up capital but will create significant and worthwhile operating cost savings. Total capital requirement, including contingencies will, therefore, be in the order of A\$22 Million.

The main capital works of approximately \$6 Million to \$7 Million will be at the port of Lucky Bay. The construction design has been completed.

It is proposed that the port fleet of two dumb barges, two tugs and a floating crane be leased. The lease costs are included in the overall operating costs and are anticipated to amount to approximately \$24 Million over the project's first 3 years.

Negotiations to debt finance the remaining capital have been underway for some time, but have previously been hindered by the uncertainty over the port approvals. With that approval now at hand it is anticipated that finance negotiations will gather significant momentum.

Despite delays the Company's working capital currently remains adequate, with approximately \$3 Million at bank.

## Future

Work on the design and costing of the Stage 2, 2.5 million tonnes per annum (tpa) gravity circuit and corresponding tailings dam was carried out by consultants MSP and Golders. The period required to finalise design work, procure long lead time items, attain all government approvals and construct the plant is likely to be in the order of 12 to 14 months. Subject to finance, it is envisaged that this work will commence towards the end of year 1 of Stage 1 operations.

A Joint Venture (J/V) between Trafford and IronClad on all Manganese product on the J/V leases is likely to significantly enhance Stage 2 economics.

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