



Trafford Resources Limited

Date of Lodgement: 5/6/13

Title: “Company Insight – Explains High Grade Exploration Results”

Highlights of Interview

- Discusses Orinoco’s very high grade silver results (e.g.17.6m @ 40 ozs per tonne).
- Orinoco’s Cascavel prospect is developing rapidly & is a very significant gold & silver discovery.
- Discovered many significant multi-metal targets on large Gawler Craton tenements.
- Alloy Resources farms into Lynas Find Project to bring forward value for TRF.
- Twin Peaks iron ore project in WA providing excellent drill results.
- Discusses recent visit to China & expects iron ore demand to be strong for many years; therefore benefitting Trafford and IronClad’s Wilcherry Hill project.

Record of interview:

Introduction

Trafford Resources Limited (ASX code: TRF; market cap ~\$10m) is a Perth-based exploration company with a diverse range of active projects in Australia and a large investment in a major Brazilian gold / silver project. Between 7 May and 14 May Trafford announced four exploration successes or initiatives to the ASX; discovery of high grade silver in Brazil by 15.5% owned Orinoco Gold Limited (ASX: OGX), discovery of high grade, near surface tin at the Zealous prospect, South Australia in the 100% owned Wilcherry Hill Project, and a new 2,000 metre drilling program at Wilcherry Hill targeting high grade tin, tungsten and silver. The first Trafford announcement in this busy period was of a Farm-in Agreement for the Lynas Find Gold Project in Western Australia. On 10 May Trafford also announced a two stage capital raising program.

This Company Insight interview discusses Trafford Resource’s new exploration initiatives with Managing Director Ian Finch:

companyinsight.net.au

Trafford holds a direct 15.5% shareholding in Orinoco Gold Limited which on 8 May reported over 40 ounces per tonne of silver (~21g/t gold equivalent) from a 17.6 metre width

in a drill hole into a previously unsampled carbonate horizon between the two high grade gold horizons at the Cascavel prospect. Cascavel is the priority target in Orinoco Gold's 70% owned Fiana Goldfields Project in Central Brazil. 8 other holes into the same horizon show similar mineralogical characteristics. Assay results from these holes are awaited. Can you explain the significance of this silver result for Trafford's shareholders?

Managing Director, Ian Finch

Trafford owns 11,866,283 shares in Orinoco Gold. Our 15.5% shareholding was acquired at a cost of some \$1.4 million or an average price of 11.8c a share. The silver discovery very significantly enhances the potential for the development of a high-grade precious metals mine, producing gold and silver with base metal credits, at the Cascavel prospect.

Orinoco gold now believes that the silver mineralisation runs perpendicular to the previously reported rich gold discovery. Understanding of the very large mineralised system at Cascavel is developing rapidly and Orinoco now has confirmation of continued polymetallic mineralisation and a clearer understanding of the controls on the mineralisation. Each of these factors, together with existing data and Orinoco's exploration of the past six months points to a very significant gold and silver discovery, with very substantial exploration targets yet to be tested. And bear in mind that Orinoco has other very promising exploration targets in the same Faina greenstone belt not far from Cascavel.

Trafford is delighted with this excellent exploration outcome so early in the life of Orinoco Gold, and so soon after launching this major exploration program in Brazil. Trafford helped to fund Orinoco with an initial injection of \$1.23 million when it was seeking to raise capital in 2012. I am also a non-executive Director of the Company and some extremely competent geologists are working with Orinoco in Brazil under the guidance of seasoned managing director Mark Papendieck.

The potential for a high grade gold and silver mine with base metal credits at Cascavel, and the potential for a mining camp, with other mines around Cascavel feeding into a major plant, has already added significant value for Trafford's shareholders. There is excellent potential for continuing added value. Meanwhile, Orinoco Gold's exploration program is also providing valuable professional growth opportunities for our exploration team, preparing them for new exploration opportunities in Brazil and with our very active exploration projects here in Australia. This is positioning Trafford for further growth in mineral exploration and especially to begin exploration on our own behalf in South America when the time is right.

companyinsight.net.au

On 9 May Trafford announced that 7m @ 3.16% tin had been intersected in one of 10 holes recently drilled at the Zealous prospect in the Wilcherry Hill Project, South Australia, with the results of the further 9 holes to come. Then on 14 May the Company announced a 2,000 metre drilling program targeting high grade tin, tungsten and silver at Wilcherry Hill, with drilling to start in June. What does Trafford know of the geology of the Wilcherry Hill Project? Where are you planning to explore?

Managing Director, Ian Finch

Trafford holds exploration rights to 9,770km² in South Australia's Gawler Craton, a geological feature which is host to some of Australia's most significant mines, notably BHP Billiton's Olympic Dam copper, gold and uranium mine, the Prominent Hill copper and gold

mine and the Challenger Gold Mine. We hold more exploration ground in this Australian exploration hot-spot than all, but two other companies, of which the biggest is BHP Billiton, the biggest mining company on the planet. Trafford has concentrated exploration to date on the 2,807km² Wilcherry Hill Project. Our work has created the developing Wilcherry Hill Iron Ore Project and identified many significant, gold, copper, silver, lead and zinc, tin and tungsten targets. We have now prioritised these base and precious metals targets for early drilling. Our strategy is to focus first on the high value commodities gold, silver, tin and tungsten.

On 9 May we reported 9 metres of high grade tin intercepts within a 20 metre zone at the Zealous prospect, including 7 metres at 3.16% tin with 0.42% lead. This is high grade, near surface, tin. Elsewhere new tin mines are being brought into production from deposits graded at around 0.5% tin from open pits and 1.0% from underground tin workings.

With tin trading at a prevailing price in excess of \$20,000/tonne on the London Metals Exchange, Zealous is an exciting discovery for Trafford. We now await assays from the 9 holes at Zealous which are in the process of being assayed for tin. Then, as announced on 14 May, we will begin our next drilling program of 2,000 metres in this month, focussing on the advanced Zealous, Black Hill, Ultima Dam West and Golden Gate prospects, targeting gold, tin, tungsten and silver.

Trafford's other active exploration in the Gawler Craton is the Western Gawler Craton Joint Venture, a 2,652km² package of tenements in which we joined Kingsgate Resources Limited (ASX: KCN) in a 51:49 joint venture in September 2012. Kingsgate owns the Challenger Mine which is surrounded by the Western Gawler Craton Joint Venture.

The Challenger Mine began production in 2002 after being discovered in an innovative greenfield exploration campaign by Dominion Gold and Resolute Limited. In a paper referring to the discovery of Challenger, the distinguished geologist, Chris Bonwick, then working with Resolute, concluded that many other mineralised systems remained to be fully evaluated in the area, while many more remained to be found.

To date mineral exploration in the Western Gawler Craton Joint Venture has focussed mainly on gold. The entire area has been only lightly explored, but already the small amount of exploration carried out has identified an abundance of targets for precious and base metals ranging from greenfield to drill ready in status. Trafford is looking forward to unlocking the whole exciting potential of the area with a new approach combining new geophysical and geochemical techniques and interpretation of data bases from past exploration. We will be employing energetic people with experience from previous exploration of the Western Gawler Craton area, as well as our people with current experience from Wilcherry Hill and Brazil. Trafford is very well equipped to tackle the new exploration frontiers in this very large and very prospective area.

companyinsight.net.au

Alloy Resources Limited (ASX: AYR) has recently farmed into Trafford's Lynas Find Gold Project in the West Pilbara region of Western Australia. How do you see this creating value for Trafford shareholders?

Managing Director, Ian Finch

The Lynas Find Project was developed in the mid 1990's as a number of shallow pits with ore processed through a small Carbon in Pulp processing plant. It produced 125,000 ounces of gold before a sharp fall in the gold price caused it to be shut down. As a result both exploration and development were not optimised. Alloy Resources, which also operates the Horse Well Gold Project in Western Australia's Mid-West, has the right to earn an initial 51% of Lynas Find by spending \$500,000 within the first 12 months and a further 29% by spending an additional \$1 million in years 2 and 3. In addition Alloy Resources, after due diligence, will pay Trafford \$50,000 and issue 10 million ordinary shares to Trafford. Thus, if Alloy Resources proceeds through to gold production, Trafford will benefit from direct ownership of 20% of any gold produced and from a shareholding in the company which owns 80% of the production. This will be a benefit for our shareholders.

companyinsight.net.au

Further high grade drilling results have been reported from your Twin Peaks Mooriarie Rocks iron ore Joint Venture (TRF earning 80%) in the Mid-West of Western Australia. Can you now describe the overall nature of Trafford's iron ore discovery in the Midwest and how you intend to proceed? How good are the results?

Managing Director, Ian Finch

Trafford's maiden 5,076m drilling program at the Twin Peaks Project defined High Grade hematite of Direct Shipping Ore (DSO) quality at the Woolbung Peak prospect. The best intersection from the high grade was 22m @ 65.4% Fe, including 6m @ 68.2 Fe, with very low impurities. We have also identified a strong potential for Channel Iron Deposits (CIDs) within the Twin Peaks drainage system, and economic potential at the Big Lunch and Pleiades prospects indicated by excellent hematite, limonite and magnetite intersections.

The high grades, low impurities, mineralisation style and continuous nature of the DSO hematite at Woolbung Peak are similar to Mt Gibson Mining's Tallering Peak iron ore mine, located just 60 kilometres south of Twin Peaks.

Mt Gibson Mining's decade long success in trucking and raiing Tallering Peak high grade hematite to the Port of Geraldton for shipping to customers in China demonstrates that iron ore mining in the Mid-West is not necessarily constrained by delays to the construction of the Oakajee Port and Rail system.

The Twin Peaks Mooriarie Rocks Project is a Joint Venture between Trafford and the Independence Group (ASX:IGO) whereby Trafford may earn up to 80% equity in the iron ore rights by expending \$5 million over 5 years. Having achieved very successful results from our maiden drilling program, we now intend to proceed with the second phase expenditure to lift our ownership to 51% of the Joint Venture.

companyinsight.net.au

IronClad Mining Limited (ASX:IFE) owns 80% of the Wilcherry Hill Iron Ore Project in South Australia and is also the Operator for that project. Trafford, which discovered the Wilcherry Hill iron ore, has 20% ownership of the project through a Joint Venture with IronClad, and is free carried into production. Trafford also has a direct 27% shareholding in IronClad Mining. The Wilcherry Hill Iron Ore Project is being developed to supply iron ore

to the Chinese steel industry. You have just travelled to China. Can you outline your observations on China's economy and its potential for maintaining a good demand for Australia's iron ore, including Wilcherry Hill Iron Ore?

Managing Director, Ian Finch

Australia is China's biggest supplier of raw materials so we will tend to be concerned if there is a slowdown, but the concern when China's first quarter GDP growth figure came in at 7.7 per cent instead of the forecast 7.9 per cent was an over the top reaction. It was headlined as a pointer to the end of China's amazing economic growth of the past 30 years. It affected the health of global share markets, the Australian market, and of direct interest to me, the Trafford and IronClad Mining share prices.

China has set 7.5 per cent as the target average growth rate for GDP this year. Should the business news media or the mining Industry be concerned if the GDP falls another 20 points to 7.5 per cent - the target rate, for the quarter just ended? I would think not.

China's economy is now twice as big as it was in 2006. A growth of 7.5 per cent this year is coming off a much bigger base than seven years ago. So a fall of 20 basis points in the GDP probably means very little for the demand for our major resource exports like iron ore, to China. China's target growth rate has been set to rebalance the economy away from heavy reliance on investment in infrastructure towards domestic consumption. Given that the economy is based on the production and consumption of 1.3 billion people, this should not affect demand for Australian minerals very much.

Our concern for IronClad, and for the entire Australian resource sector, should be more about containing Australian labour costs and red tape, so that we can continue to be competitive in exploring for and supplying the resources that a growing China will continue to need in huge volumes for many, many years.

companyinsight.net.au

Thank you Ian.

To read past Company Insights please visit companyinsight.net.au

DISCLAIMER: Gryphon Management Australia Pty Ltd trading as Company Insight has taken reasonable care in publishing the information contained in this Company Insight. It is information given in a summary form and does not purport to be complete. This is not advice. The information contained herein should not be used as the basis for making any investment decision. You are solely responsible for any use you choose to make of the information. You should seek independent professional advice before making any investment decisions. To the fullest extent permitted by applicable law, Company Insight is not responsible or liable for any consequences (including, without limitation, consequences caused by negligence) of any use whatsoever you make of the information, including without limitation any loss or damage (including any loss of profits or consequential loss) suffered by you or a third party as a result of the use.

Competent person statement:

The information in this announcement that relates to Exploration Results is based on information compiled by Ian D. Finch, who is a Member of The Australasian Institute of Mining and Metallurgy and who has more than five years' experience in the field of activity being reported on. Mr Finch is the Managing Director of the company.

Mr Finch has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Finch consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.