

EUREKA *report*



The Speculator

By David Haselhurst
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PORTFOLIO POINT: Robust Resources shares dip but there'll be more to come from this stock. For less adventurous punters there's a cheaper entry to the Romang Island gold project through the listed Trafford Resources Ltd.

Trafford Resources (TRF) has so far been more or less ignored in the stockmarket despite its large shareholding in Robust Resources (ROB), which has traded up from a 12-month low of 10¢ to a recent high of 88¢.

Trafford, on the other hand, has barely moved in the past month, trading from around 16¢ to 18.5¢, during which time most of the gain has been made in the Robust share price. Yet Trafford is Robust's biggest shareholder with 17.4% of Robust's 48.67 million shares. At today's Robust price of 67¢, that holding was worth \$5.67 million, plus Trafford has an option expiring in October to acquire a further 3.6 million Robust shares at 30¢. That's less than half the current price.

Trafford's 48.7 million shares at 18.5¢ each carry a market value of \$9.01 million, but its principal asset is a 50% interest in the listed iron ore developer Ironclad Mining Ltd (IFE). With 40 million Ironclad shares on issue, the half-interest in that company at 36.5¢ a share is worth \$14.6 million.

So Trafford's holdings in both Robust and Ironclad are together worth more than twice Trafford's current market capitalisation. Earlier in June, Trafford's geologist chairman, Ian Finch, presented a paper at the Gold Coast Resource Showcase conference. In it, he estimated the then value of each Trafford share was 42.5¢, based on a value for its Ironclad holding of 19.2¢, Robust at 18¢, cash backing at 1.2¢ and an interest in its Lynas Find gold project in WA at 6.1¢. It included no value on its 20% free-carried interest in the Wilcherry Hill gold-copper-uranium prospect in South Australia.

That value of 42.5¢ for each Trafford was set with Ironclad shares trading at 32¢. Now they're trading at 34.5¢, having firmed since the Gold Coast talkfest where the company claimed it had a JORC compliant resource of 60 million tonnes of the highest quality magnetite iron ore in Australia at its SA deposit.

nThe Speculator portfolio, as at June 16, 2009

Company	ASX	No of shares	Bought	Purchase price	Current price	Current value
Laserbond	LBL	20,000	4/07/2008	\$0.10*	\$0.110	\$2,200
EMT Corp	ETC	20,000	1/08/2008	\$0.24*	\$0.430	\$8,600
Robust Resources	ROL	40,000	13/02/2009	\$0.155 avge	\$0.630	\$25,200
Quicksteps Holdings	QHL	20,000	16/03/2009	\$0.165	\$0.175	\$3,500
Cortona Resources	CRC	20,000	14/04/2009	\$0.150	\$0.170	\$3,400
A1 Minerals	AAM	20,000	12/05/2009	\$0.145	\$0.155	\$3,100
Gage Roads Brewing Co	GRB	40,000	26/05/2009	\$0.050	\$0.060	\$2,400
Image Resources	IMA	12,000	2/06/2009	\$0.645	\$0.720	\$8,640
Blue Energy	BUL	20,000	9/06/2009	\$0.225	\$0.200	\$4,000
Trafford Resources	TRF	30,000	16/06/2009	\$0.185	\$0.190	\$5,700
Total value of portfolio						\$66,740
Plus cash at bank						\$8,640
Total						\$75,380

Portfolio change since January 2, 2009

88.45%

All ordinaries change since January 2, 2009 (then 3655.7)

8.27%

*These shares were carried over from the 2008 portfolio, hence the 2008 purchase dates. However this price is the "beginning of year" value not the original purchase price.

Disclosure: The author's family holds shares in Laserbond
Current value based on last sale June 16, 2009

Ironclad also claims a further initial resource of 215 million tonnes of direct shipping magnetite 15 kilometres from the first deposit and has signed a memorandum of understanding about development with WISCO (China's third-largest steel producer) with first production targeted for 2011. A pre-feasibility study is under way.

So for Trafford, its holding in Robust has remained a sideshow in the eyes of the market. We've bought 30,000 Trafford at 18.5¢.

Meanwhile, Robust has carried out initial metallurgical test work on oxide material recovered from its volcanic caldera gold-silver project on Indonesia's Romang Island, 500 kilometres north-west of Darwin. Test work on 11 composite samples successfully yielded an average gold recovery of 94% and silver 95%.

So far, Robust has been using two of its own three-man portable diamond drilling rigs, which each cost \$US60,000 and are able to core drill down to 200 metres. It is now commissioning a third rig built by Mandiri Jaya Teknik at a cost \$US100,000 with capacity to core drill to 550 metres.

Image Resources gets more visitors

Two weeks ago we pointed out that a party of investors from Malaysia was to tour Image Resources heavy minerals prospects on the northern Perth basin this month, but it was written ahead of the release of extraordinary grades of valuable zircon being present in recent drill holes.

On May 10, Image announced preliminary results from its 70%-owned Atlas project near the northern end of its tenements, which extend over 2250 square kilometres.

The Atlas project revealed bonanza grades of heavy minerals averaging more than 20% extending over a strike length of 1.4 kilometres. Such heavy mineral assemblages contain valuable zircon and rutile and more commonly, less valuable ilmenite.

At first the company estimated the zircon grade at an average of 7%, but in fact the zircon grades ranged from 18.1% to 20.8% of the heavy mineral suite.

That makes the new discovery much more attractive for potential development because the zircon fraction has a higher value than other heavy minerals in the assemblage, with zircon at \$US850 a tonne, rutile at \$US650 a tonne and ilmenite about \$US130 a tonne. A resource up-date of this new rich find is due in July.

Coincidentally last week, a party of 15 Koreans representing mineral sands processors arrived in Perth to visit the operations of major heavy minerals producers Iluka and Cristal near Capel, on the south-west coast of WA between the ports of Bunbury and Busselton. Word of the recent rich find must have travelled. For I hear that Image managing director George Sakalidis was called in to deliver a presentation on his company to the visiting Koreans at the offices of broker Hartley Poynton. Image shares also suffered some profit taking last week, being sold down from a week's high of 79.5¢ to a low of 72¢. We'll hold on to ours in expectations of recovery.

nThis week

Bought

30,000	Trafford Resources				
					\$5570 (inc (TRF) 18.5¢ brokerage)

Previously applied for

100,000	Viralytics options	VLA	1¢	—
26,250	Citigold			\$4000 parcel yet to be granted



David Haselhurst writes a monthly column for Money magazine.