



Central Eyre Iron Project *The Final Steps*

South Australian Resources & Energy Investment Conference, 23 May 2017



Good morning Ladies & Gentlemen, it is wonderful be here, to talk at SAREIC again.

- We have just 20 minutes for an update on a very large development with many interesting facets, so I will give you a brief overview and highlight a few recent advances that point to us now being very close to the final stages of the project.
- Considering that we have been working methodically on this project for over eight years, this is not an overnight sensation. A lot of value has been built up, following significant effort and expenditure.

Central Eyre Iron Project – The Final Steps

Notice

Forward Looking Statements

This announcement contains certain statements with respect to future matters which may constitute "forward-looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or outcomes to differ materially from those expressed, implied or projected. Investors are cautioned that such statements are not guarantees of future performance and accordingly not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

Competent Persons' Statements

The information in this report that relates to the Inferred Mineral Resources (Oxide and Transitional) estimated for the Murphy South - Boo-Loo/Dolphin prospect is based on and fairly represents information and supporting documentation compiled by Mr Iain MacFarlane, who was a Fellow of the Australasian Institute of Mining and Metallurgy. Mr MacFarlane at the time of release was a full time employee of Coffey Mining Limited. There has been no material change and as such this resource is reported as it was released in 2011. Mr MacFarlane had sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he was 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 MacFarlane has consented to the inclusion in reports of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Resources estimated in 2013 for the Murphy South/Rob Roy (Fresh) prospect is based on and fairly represents information and supporting documentation compiled by Ms Heather Pearce, who is a member of the Australasian Institute of Mining and Metallurgy, and was a full-time employee of Iron Road Limited at the time of release. This estimation was peer reviewed by Dr Isobel Clark, who is a member of the Australasian Institute of Mining and Metallurgy and who at the time of release was employed by Xstract Mining Consultants. Dr Clark has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which she 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". Dr Clark consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

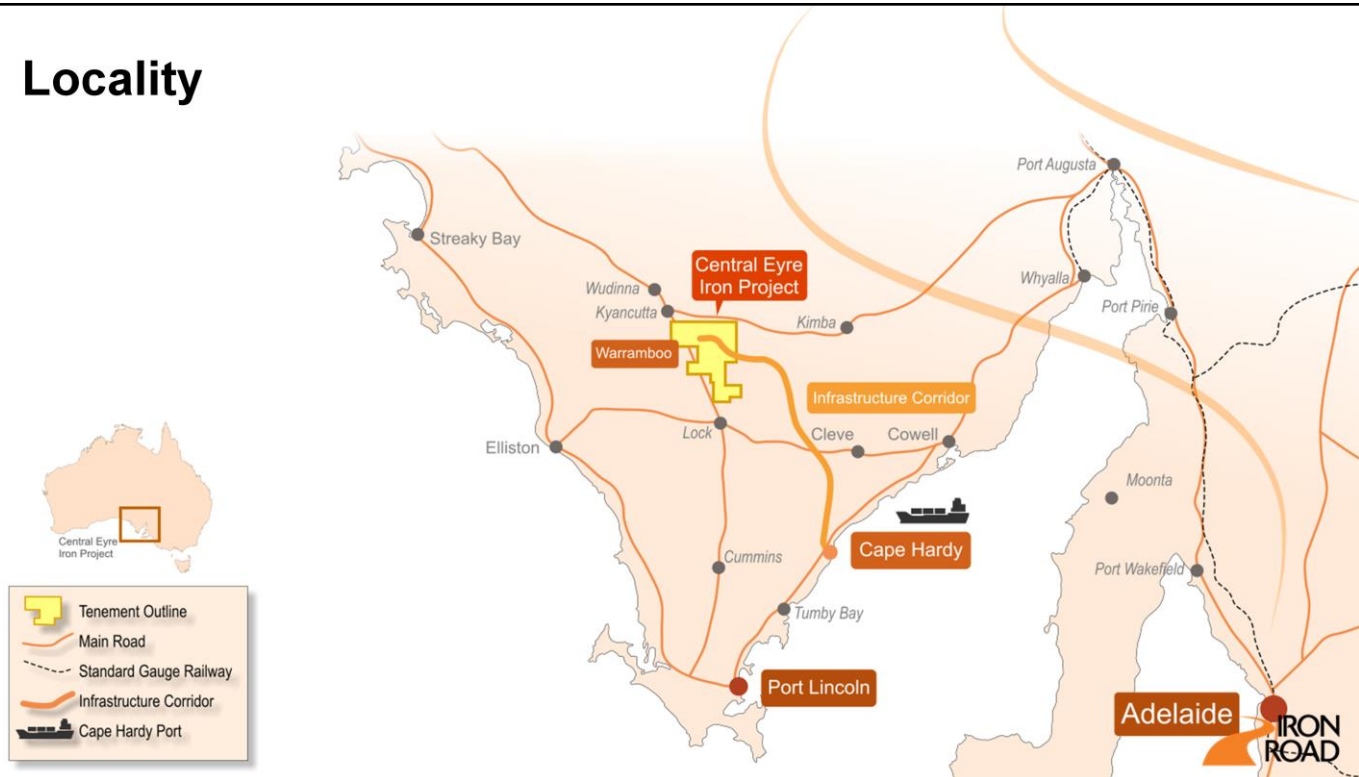
The information in this report that relates to Mineral Resources (Fresh) estimated for the Boo-Loo/Dolphin prospect is based on and fairly represents information and supporting documentation compiled by Ms Heather Pearce, who is a member of the Australasian Institute of Mining and Metallurgy, and was a full-time employee of Iron Road Limited at the time of release. This estimation was peer reviewed by Mr Alex Virisheff, who is a member of the Australasian Institute of Mining and Metallurgy and employed by AMC Consultants. Mr Virisheff has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Virisheff consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The Ore Reserves estimated for CEIP involving mine planning is based on and fairly represents information and supporting documentation compiled by Mr Bob McCarthy, a Member of the Association of Professional Engineers and Geoscientists of British Columbia (Canada) and a full time employee of SRK Consulting (North America). Mr McCarthy has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr McCarthy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The Ore Reserves estimated for the CEIP involving aspects other than mine planning is based on and fairly represents information and supporting documentation compiled by Mr Larry Ingle, a Member of the Australian Institute of Mining and Metallurgy and a full time employee of Iron Road Limited. Mr Ingle has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ingle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Our standard Notice.

Locality



Before I talk about our latest advances, allow me to give a very brief overview of the Central Eyre Iron Project

- The Project is located on the Eyre Peninsula and provides for a complete mine to customer solution.

It consists of three major components, namely:

- The mine and beneficiation plant at Warramboe (exploration licence shown in yellow)
- The deep water port at Cape Hardy
- And the Infrastructure Corridor that joins the two components

The project will produce over 20Mtpa of high quality iron concentrates, for a mine life of almost 30 years.

Project Components

Located at Cape Hardy

1300m long jetty & wharf

Fastest loading in SA x 2



- The Mine comprises
 - a large open pit (7.0km long, from here to the other side of the airport, and 4.0km at its widest)
 - In Pit Crushing and Conveying - primary crushing is moved into the pit and replaces a lot of trucks with conveyors - this means very efficient mining operations
 - beneficiation plant
 - integrated waste landform, and rail loadout facility
 - The Ore Reserve is 3.681Bt @ 15.07% Fe, producing a concentrate grade of approximately 66.7% Fe.
- We have eliminated the need for a tailings dam from the design.
- The 148km Infrastructure Corridor comprises standard gauge heavy rail and associated services such as power and water.
- The deep sea port at Cape Hardy comprises
 - two Capesize berths
 - ship loader with capacity of 70Mtpa
 - Module Offloading Facility and the other usual land-side facilities

Both the railway and port are designed to be multi-user across many different commodities and the rail has potential to connect into the national rail network.

- And we have recently completed a “Request for Preliminary Interest”, managed by Regional Development Australia, seeking third parties who might wish to use this infrastructure.

Federal and State Recognition



Australian Government
Department of Infrastructure
and Regional Development

**Major Project
Facilitation**



Australian Government
**Infrastructure
Australia**

**Infrastructure Priority
List**

**Priority Project (full business
case) with Opportunity for
Growth**



Government
of South Australia
Department of Planning,
Transport and Infrastructure

**Major Development
Status**

**Mining Lease
Granted**

**Development Application
Granted**



The Central Eyre Iron Project:

- Enjoys Major Project Facilitation from the Federal Government and is the only project of any kind in SA to do so
- Is listed as a Priority Project for the nation by Infrastructure Australia – the only “*Opportunity for growth*” Project; and
- The infrastructure component has Major Development Status with SA Government
- Earlier this month, the Mining Lease and Development Approval were granted for the CEIP;
 - The Commonwealth EPBC is the only primary approval remaining. The Commonwealth refers much of its review to the state, and we expect to hear news on this shortly.

Project Participants



China Railway Group

- Construction partner, offtake and completion guarantee



Sumitomo Subsidiary

- Grain export MoU



Shan Steel

- Offtake partner
- China's 7th largest steel producer



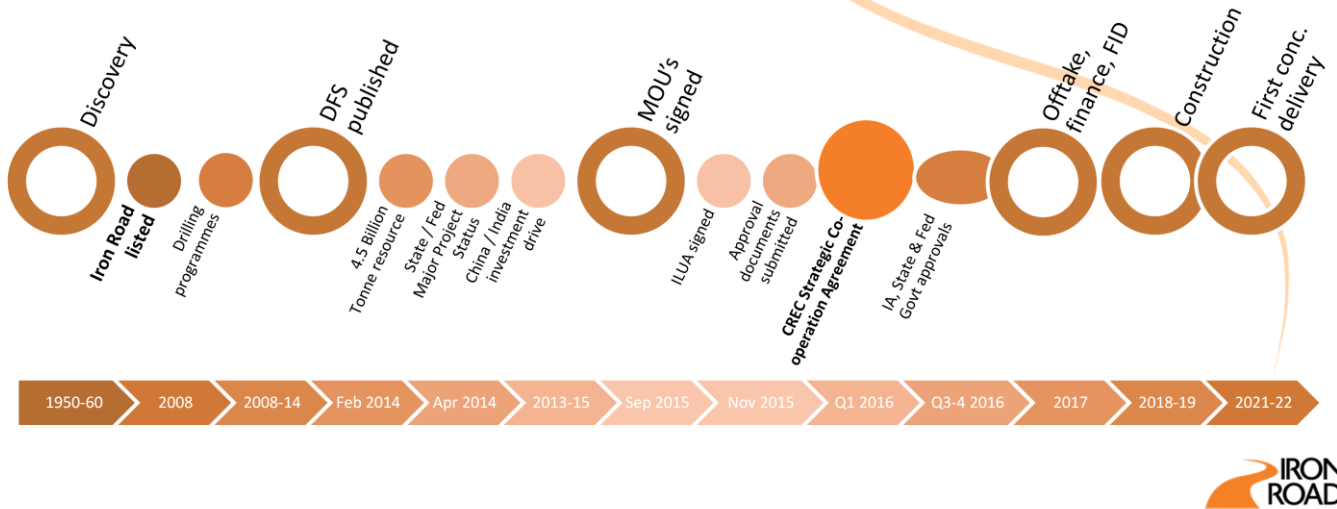
Debt Expressions of Interest

- Have indicated desire to close \$3Bn funding by year end
- Largest (ICBC) and second largest (CCB) banks in world



- The China Railway Group (CREC)
 - Our construction partner – a strategic co-operation agreement includes a Project Commercialisation Programme with the aim to finalise a whole-of-project financing solution
- Shan Steel
 - Signed MoUs with five leading Chinese steel mills for offtake including Shandong Iron & Steel, China's 7th largest steel producer
- Tri-partite Cooperation Agreement signed in April last year brings together IRD, CREC and Shansteel.
 - IRD (producer of iron ore),
 - Shansteel (consumer of iron ore and producer of steel products), and
 - CREC (a consumer of steel and the largest infrastructure construction contractor in the world)
- Sumitomo Corp. (Emerald Grain a subsidiary)
 - Ongoing partnership between IRD and Emerald delivers benefits for local communities, farmers by offering choice and competitive market for the export of grain
- In the last month we have also received formal expressions of interest to provide debt from three of the world's largest banks

The Road So Far



- We listed IRD on the ASX in June 2008,
- and have methodically and diligently pushed the CEIP towards development.
 - We have studied, understand and addressed the project's strengths and weaknesses, and have exploited its natural advantages
- DFS – supported by optimisation study
- In 2014 Infrastructure Australia declared the CEIP infrastructure a Priority Project, one of only ten Projects nationwide
- IRD signed MoUs with five leading Chinese steel mills, including Shandong Iron & Steel
- A strategic co-operation agreement with China Railway Group includes a Project Commercialisation Programme and finalise a whole-of-project financing solution



Onto partnerships.

- While studying the CEIP, we have also looked into who might be good partners to assist in the funding, construction and operating tasks.
- The first project partner I will introduce today is China Railway Group Limited (or CREC).



Some of you would have seen CREC's work first hand

- CREC designed and built the Beijing International Terminal 3, with a contract value of around USD\$4B



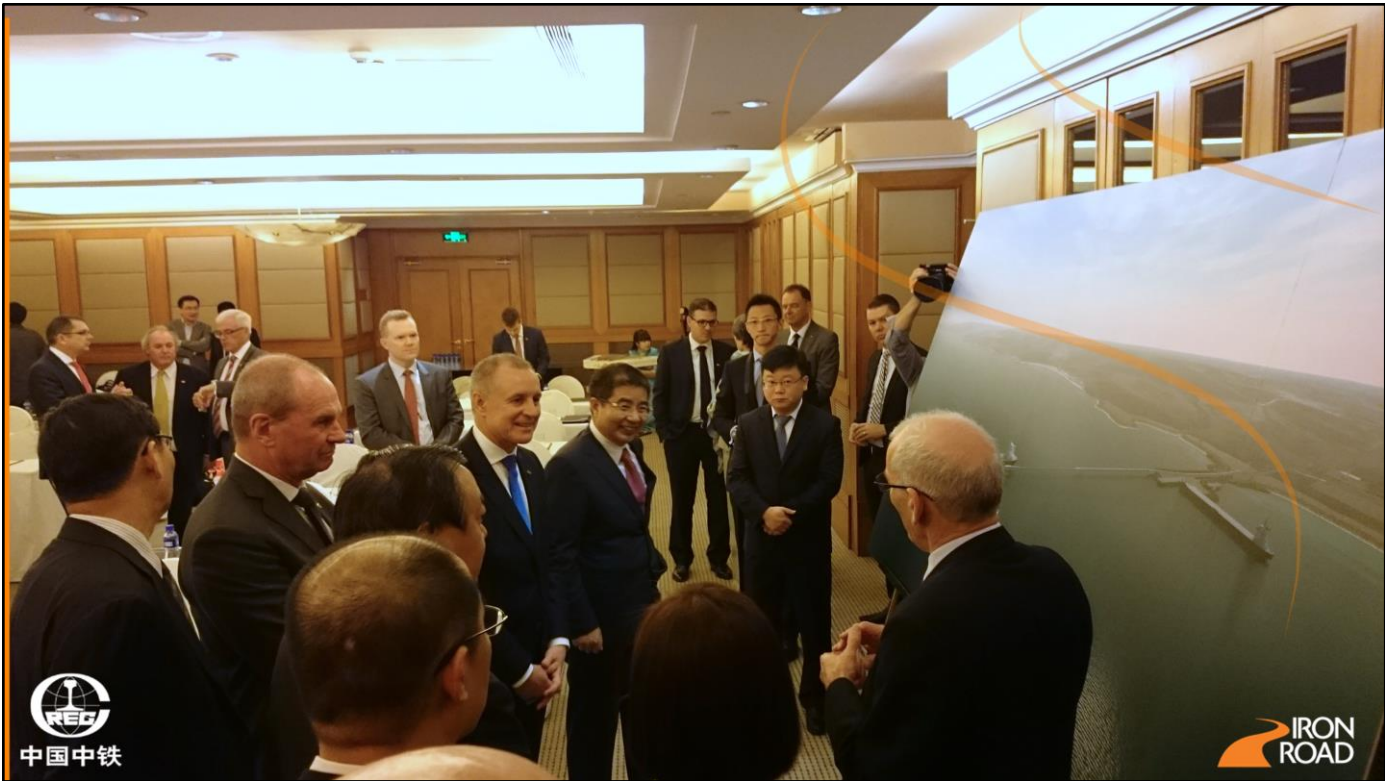
CREC recently completed construction of the Qinghai-Tibet Railway Line

- Almost 2,000km total length, more than half of which is over 4,000m above mean sea level
- Contract value about USD\$5B



And CREC designed and constructed the Hangzhou Bay Bridge

- At 36km, it is the longest cross-ocean bridge in the world which shortened the the highway travel distance between Ningbo and Shanghai from 400 km to 280 km, reducing travel time from 4 to 2.5 hours.
- Opened to traffic in May 2008, the S shaped bridge is a six-lane and two-direction design, with a 100km/h speed limit
- Contract value of US\$1.3B



The Strategic Cooperation Agreement signing ceremony gave Iron Road chairman Dr Peter Cassidy the opportunity to explain Iron Road's vision to various dignitaries.



The second partnership is with Shandong Iron & Steel, or ShanSteel...
Four other agreements with steel mills and good relationships and
interest from others



The third partnership is with Emerald Grain, one of the largest grain marketing and supply chain businesses in Australia.

- Emerald is a wholly owned subsidiary of Sumitomo, one of Japan's most respected companies;
- Emerald and Iron Road are working together to assess opportunities in utilising the planned CEIP rail and port infrastructure to develop a modern and efficient grain export hub.



- Primary State Project Approvals, as I have mentioned, are now complete.
- We expect final Commonwealth EPBC approval soon.

Project Status

Project Finance and Iron Ore Market

"With some US\$1.3 trillion of projects having already been initiated under the One-Belt One-Road banner, the program is more than seven times the size of the post WWII American led Marshall Plan to rebuild Europe."



We are fortunate to have secured letters of intent from three of the world's largest banks for the project debt financing

- ICBC and CCB – the world's largest and second largest banks respectively; and
- CDB – China's policy bank.
- These talks are progressing well and we look forward to closing them out.

With respect to the market

- Rather than debate short-term pricing, I will make some observations
- Recent strong prices have pulled back.
- Increasing stocks of iron ore, at China's ports, is mostly lower grade material.
- Even so, the overhang will have a dampening effect on prices generally, probably for a year or so.
- Much has been said in the press of weak ore prices, but this ignores ore quality and customer needs.
- We have spoken for a few years of the emerging divergence of lower, reference and high quality ores – and we can see this now.

- Discounts for lower quality and premiums for higher quality ores, like Iron Road's high quality concentrate, are increasing.
- China, the largest market for iron ore, has made significant steps to improve its environment and strengthen its industrial base.
- This has resulted in tightening environmental regulations, closing mills and limiting expansion plans.

All of this helps the market for high quality ores.

Project Status

Identifying and Maximising the Benefits



One of Iron Road's objectives is to bring broad and tangible benefits to the region's communities and businesses.

One way we can achieve this is through third party access to the port.

- We have recently completed a "Request for Preliminary Interest", managed by Regional Development Australia, seeking third parties who might wish to use this infrastructure.

Building Value for Communities



- Currently >80% total EP grain crop exported via Port Lincoln
- Cape Hardy has significantly greater natural draw than Port Lincoln
 - Total EP crop production of 2.0-2.5Mtpa
 - 1.1-1.5Mtpa natural draw within 100km radius of Cape Hardy

Iron Road operates in an established agricultural region. We have no doubt that the proposed port and rail infrastructure is capable of facilitating a modern, efficient and internationally competitive grain distribution and supply chain network – something the EP sorely needs.

- More than 80% of grain production from the EP is currently exported through Port Lincoln;
- However, Cape Hardy has a significantly larger natural grain draw (shown in yellow) than Port Lincoln (shown in blue);
- The white line is the CEIP railway line, it penetrates well into the grain growing areas of the EP;
- We believe the growers of the region will appreciate an alternative modern and efficient export route for their grains, and above all we bring choice.

Central Eyre Iron Project *“Real project, real momentum”*



Our next steps include:

- Selecting local construction partners
- Finalising project financing
- Acquiring secondary Government approvals
- And finalising our operational readiness planning.

Put simply, this is a real project, with real momentum, heading into our final steps to production.

Thank you,

Appendix

Table 1 – CEIP Ore Reserve Summary

Resource Classification	Metric Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)
Proved	2,131	15.55	53.78	12.85
Probable	1,550	14.40	58.58	12.64
Total	3,681	15.07	53.70	12.76

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Appendix

Table 2 – CEIP Global Mineral Resource

Location	Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Murphy South/Rob Roy	Measured	2,222	15.69	53.70	12.84	0.08	4.5
	Indicated	474	15.6	53.7	12.8	0.08	4.5
	Inferred	667	16	53	12	0.08	4.3
Boo-Loo/Dolphin	Indicated	796	16.0	53.3	12.2	0.07	0.6
	Inferred	351	17	53	12	0.09	0.7
Total		4,510	16	53	13	0.08	3.5

The Murphy South/Rob Roy Mineral Resource estimate was carried out following the guidelines of the JORC Code (2004) by Iron Road Limited and peer reviewed by Xstract Mining Consultants. The Murphy South - Boo-Loo/Dolphin oxide and transition Resource estimate was carried out following the guidelines of the JORC Code (2004) by Coffey Mining Limited. The Boo-Loo/Dolphin fresh Mineral Resource estimate was carried out following the guidelines of the JORC Code (2012) by Iron Road Limited and peer reviewed by AMC Consultants.

Table 3 – CEIP Indicative Concentrate Specification – 100 micron (p80)*

Iron (Fe)	Silica (SiO ₂)	Alumina (Al ₂ O ₃)	Phosphorous (P)
66.7%	3.36%	1.90%	0.009%

* The concentrate specifications given here are based on current data from metallurgical test work, bulk samples and simulation modelling designed specifically to emulate the proposed beneficiation plant.

