

## “Irons Ain’t Irons”

### So, why hasn’t Iron Road gone the way of many junior iron ore companies in these tough times?

The answer is simple – “**Irons Ain’t Irons**”. Iron Road is proposing to ‘make’ a 67% iron concentrate, which is very different to your typical iron ore that is scraped off the surface, crushed and exported also known as direct ship ore or DSO. This iron concentrate is processed / beneficiated / manufactured, call it what you will, but the end result is a fundamentally different product. It is **magnetite (Fe<sub>3</sub>O<sub>4</sub>)**, not hematite (Fe<sub>2</sub>O<sub>3</sub>). **It is grey**, not red. The concentrate has **high iron content**, not low. It has been described as the Grange Hermitage of wine, the Wagyu of beef or the APH of wheat. Whilst these descriptions may give you some idea that the concentrate is a premium product, there is one other key factor that makes this product highly sought after and a reason Iron Road has not gone the way of the Dodo.

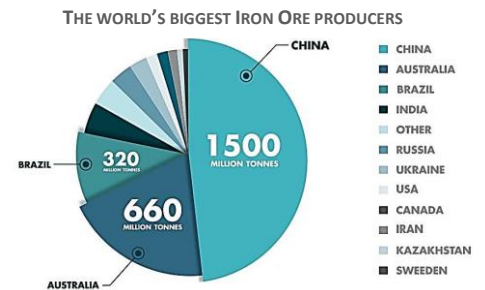
#### The key factor is around the **NEED for magnetite.**

The vast majority of iron ore consumed across the globe contains 62% iron or less. When you hear the “spot price of iron” in the news, this

is referring to iron at 62% content. A very important fact is that this percentage has been steadily declining over the decades and there are large volumes of iron currently being exported, and about to be exported, that are well short of the 62% standard. For example, Gina Reinhardt’s very large Roy Hill project will be producing iron ore at 50-55% (see Roy Hill website for more information). This lesser quality iron ore **NEEDS** a pick up. It **NEEDS** a vitamin pill in the form of high purity magnetite concentrate. With the magnetite, steel furnaces are more energy efficient and have fewer emissions, a critical factor in helping steel producing companies meet their recently increased, legally binding, environmental requirements. **So the more iron ore produced globally, the more the NEED for magnetite.**

OK, we have established that the product is great and there will be an ongoing need for it, so **why hasn’t the project commenced?** As stated at the start, the answer is the all-important question of ‘price’. It might be a great product but how much will it

cost to produce and get to the steel companies and is this globally competitive? This has been the focus of the definitive feasibility study. A bit of context...The global iron ore market for 2014 was 3220 million tonnes (Mt) in total



with hundreds of mines and companies involved. Of this, only 270 Mt is magnetite, produced by 31 mines/companies. **So how do we fare?** When comparing cost of production across all iron ore, Iron Road is well positioned in the bottom third, that is, two thirds of the suppliers are more expensive producers. It is only when you dig a bit deeper and compare against the other pure magnetite producers that the true value of Iron Road’s Central Eyre Iron Project stands out.

**Iron Road will be amongst the cheapest producers around the world!**

