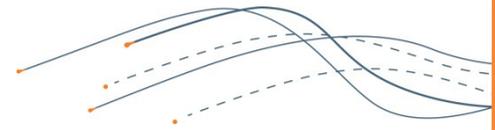


# PROJECT COMMUNICATIONS AND UPCOMING ENGAGEMENT & EVENTS

AUGUST 2017



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# Introduction



IRD Mining Operations Pty Ltd, a wholly owned subsidiary of Iron Road Limited (Iron Road), is the holder of Mineral Lease (ML) 6467 located near Warramboos on the central Eyre Peninsula. ML 6467 was granted by the Minister for Mineral Resources and Energy on 3 May 2017.

Iron Road will design, build and operate a responsible and economical iron ore mining and processing operation. We will do this while adding value to the existing community at every opportunity, with a clear commitment to social, economic and environmental responsibility.

We take our responsibility to the region seriously and aim to leave long term benefits for the agricultural sector and other parties wishing to explore local business opportunities.

Iron Road recently met with the Wudinna District Council and received feedback that there was a renewed interest in project details since the granting of the ML in May 2017. The Central Eyre Iron Project (CEIP) remains the same as what was outlined in the Mining Lease Proposal documents and presented in numerous project updates over the past few years.

To provide some context and to enable the community to re-familiarise itself with the project, we have included the CEIP snapshot and our most popular Granite article (although a little out of date since we have progressed well beyond the Definitive Feasibility Study).

## What are we working on right now?

### Secondary Approvals

Iron Road is currently progressing secondary approvals for the ML, primarily the Program for Environmental Protection and Rehabilitation (PEPR) required under the *Mining Act 1971*.

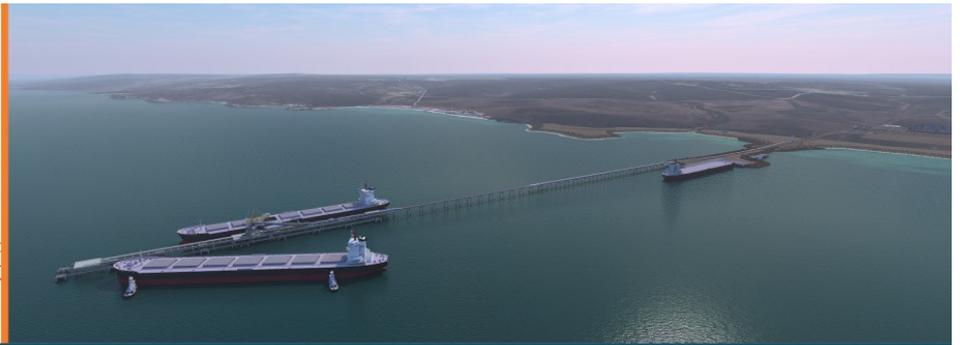
### Project Financing and Partnerships

In parallel to the approvals, there is a lot of work going on in-house establishing project partners for the local construction contract, local mining contract and grain handling and export. Work also continues with China Railway Group with the aim of reaching a final investment decision by the end of year.

### Engaging the community on the PEPR

The PEPR must demonstrate how Iron Road will achieve all construction, operational and mine completion environmental outcomes, all of which were set by Government following its review of Iron Road's ML application and the results of stakeholder consultation during its public consultation process. The PEPR forms the basis to the operational documents and procedures that Iron Road and its contractors must comply with over the life of the mine and will include monitoring and management of all environmental matters, such as air quality, water, noise and vibration, traffic and mine closure.

The PEPR is currently being drafted and there is opportunity for interested community members to get involved and provide input into how the environment outcomes for the mine may be effectively managed. Refer to page six for details and we hope to see you at one of the sessions.



## IRON ROAD IS BUILDING A FULLY INTEGRATED, LONG LIFE, MAGNETITE IRON PROJECT

### KEY PROJECT METRICS

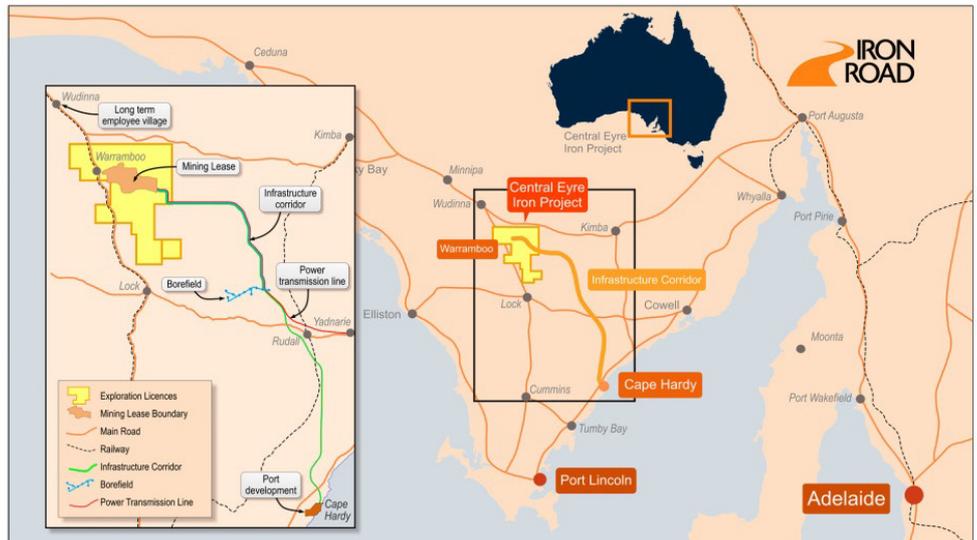
**Mining and Infrastructure Project**

**State Government Approvals in Place**

**Indigenous Land Use Agreement Registered**

**EOI Received from Debt Consortium Participants**

**~2000 jobs during Construction  
+700 jobs during Operations**



### KEY PROJECT FACTS

**+21.5 million tonnes** per annum of high grade (67%), low impurity iron concentrate

2014 definitive feasibility study and 2015 optimisation study demonstrate a highly competitive project with potential for **strong economic returns**

Current **mine life of 25+ years**, with **growth expected** beyond 30 years

**Borefield** to service mine site water requirements

Registered **Indigenous Land Use Agreement (ILUA)** with the Barnjarla

**Port infrastructure** able to accommodate Capesize vessels

**Mineral Lease 6467** for mine and **Development Approval** for the Infrastructure granted by SA Government

High quality, low impurity iron concentrate will serve as a **cleaner and superior** blending product for steel mill customers

Project has mineral resources of **4.5 billion tonnes** and ore reserves of **3.7 billion tonnes**

Long-Term **employee village** at Wudinna to house 300 mine site and railway workers

Rail & Port Listed as a **Priority Project** by Infrastructure Australia on the **National Infrastructure Priority List**

**Lead Construction & Offtake Partner** - China Railway Group • **Grain Partner** - Emerald Grain



25+ year mine life **25+**

Forecast production base of **+21.5 million tonnes** iron concentrate per annum with growth expected beyond 30 years

67% iron concentrate, low impurities



**High quality** iron blending feedstock for sinter, which feeds the majority of blast furnaces

In pit **crushing and conveying** reduces trucking fleet

Coarse grind **reduces power demand**



Effective modularisation design **mitigates cost and schedule risk**

**148 kilometre** heavy-haul railway, initial **25 tonne axle load capacity**

**11,000 tonnes** per train of **iron concentrate:** mine to port



**Ore cars** will be covered and equipped with a **secure bottom chute** for unloading

Possibility to connect to **national rail network**



Corridor will contain **power and water** supply infrastructure



Corridor to be **fenced** for safety and security

Deep water port requires **no dredging** and no breakwater

Initial shiploader capacity of **70 million** tonnes per annum **70mtpa**

**Third party opportunities** for exports and imports

Supports both **Panamax** and **Capesize vessels** with a 1.3 km jetty and wharf

Two berths and single shiploader to support **efficient turnaround times**



**1,100 hectares** of gulf front land secured to **support third party facilities and potential expansion**



Central Eyre Iron Project  
November 2015

## FACT SHEET

### GENERAL FAQ'S

Iron Road is positioning itself to build a long-term, fully integrated magnetite project on the Eyre Peninsula. The Central Eyre Iron Project (CEIP) consists of a mine located at Warrambooboo with a 25+ year life, a deep water port and storage facility at Cape Hardy near Port Neill and a mine-to-port infrastructure corridor housing a new railway line, power and water.



MINE



RAIL



PORT

#### ***Why is there no traditional tailings dam in the CEIP design?***

To minimise the proposed operation's footprint, Iron Road investigated a more innovative approach to storing mine tailing and waste rock. The traditional tailings storage facility combined with a separate waste rock stockpile has been replaced in the CEIP design with an Integrated Waste Landform (IWL) which combines and stacks both materials radially to a height of 135 metres.

Not only does the IWL greatly minimise water use and the storage area required, it also allows for progressive, continuous rehabilitation reducing the risk of dust generation and erosion.

#### ***What will be the noticeable impacts of blasting on the community and how will they be monitored?***

Blasting will occur once a day and will be managed within stringent limits that will apply as part of the mining lease approval, if granted. Nearby residents may feel vibrations and "hear" the over-pressure from blasts. This will not cause damage to any structures or create health risk. Humans are able to detect vibration well below levels that result in structural damage.

#### ***Why doesn't the infrastructure corridor go through the Hambidge Wilderness Protection Area instead of farming land?***

Iron Road fully considered the option of locating the proposed corridor through the Hambidge Wilderness Protection Area very early on in its planning process. This would require a resolution of both Houses of Parliament to undo the relevant legislation. Iron Road received expert advice that this was highly unlikely to occur due to the inconsistency of the proposed land use with the established wilderness values. In addition, even if the company was successful in obtaining the prior support of relevant environmental groups and the Department of Environment, Water and Natural Resources, this change would take several years with no guarantee of success.



Central Eyre Iron Project  
November 2015

## GENERAL FAQ'S

### ***How will impacts to farmers along the infrastructure corridor be minimised and compensated?***

Iron Road acknowledges that discussion with directly affected landowners along the corridor have been inconsistent in some cases. Every effort has been made to rectify this situation as the dialogue continues to occur,

The aim of this engagement is has always been to better understand the landowners' business requirements and how to minimise the impacts wherever possible. Each landowner along the corridor has different requirements depending on the proposed changes to the properties and Iron Road is working to have uniquely tailored compensation solutions for each.

Rail safety is a highly regulated area and protocols around stock and vehicle movements and rail crossings will ultimately be bound by the relevant legislation. This will also be an important topic of discussion when engaging with corridor landowners.

### ***How is Iron Road earning its place in the community?***

Iron Road understands it will take a long time to become part of the community and this is not taken for granted.

Earning a place in the community is an aspiration no different to any business starting up in a new area and wanting to become recognised and trusted for what it brings into a community. Iron Road recognise that such an aspiration takes time and effort and a consistency of purpose.

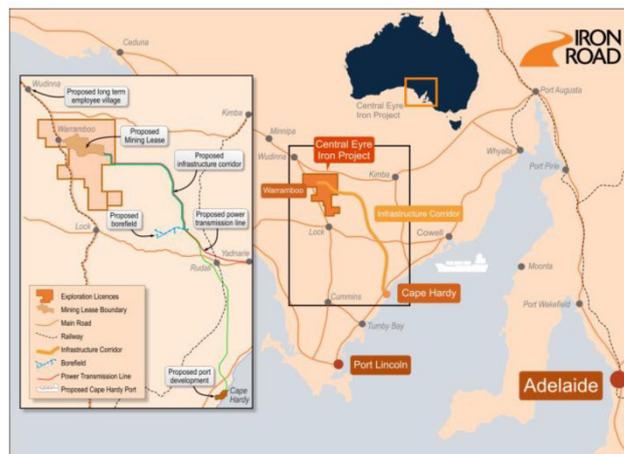
Iron Road has been on this journey for a number of years through its work with the community, local government and other groups. The company and its

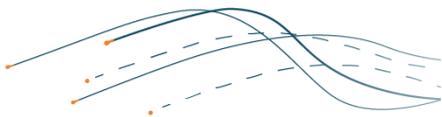
employees will continue to foster these relationships and seek avenues to bring shared benefit to the community and broader region.

### ***How is the project still viable when other iron ore mines are closing?***

Because not all iron ore is created equal! Iron Road is proposing to produce a magnetite concentrate that will consistently contain 67 percent iron. The spot iron ore price is based on direct ship hematite at 62 percent. Iron Road's product contains fewer impurities and is higher in iron hence it attracts a higher price and lends itself well to blending with lower grade ores that are now becoming increasingly common as high quality ore bodies dwindle.

Due to the nature of the ore body and efficient mine design, Iron Road's production costs will be in the bottom third of all iron ore producers. When compared with other niche magnetite producers, Iron Road will be one of the world's cheapest producers.





## “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.**

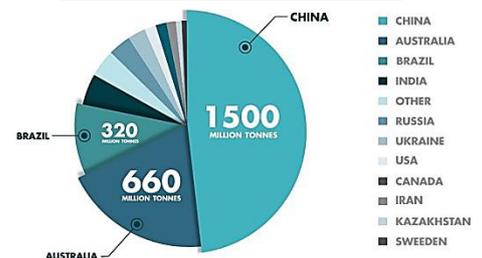
The vast majority of iron ore consumed across the globe contains 62% iron or less. When you hear the “spot price of iron” in the news, this

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

THE WORLD’S BIGGEST IRON ORE PRODUCERS



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!**

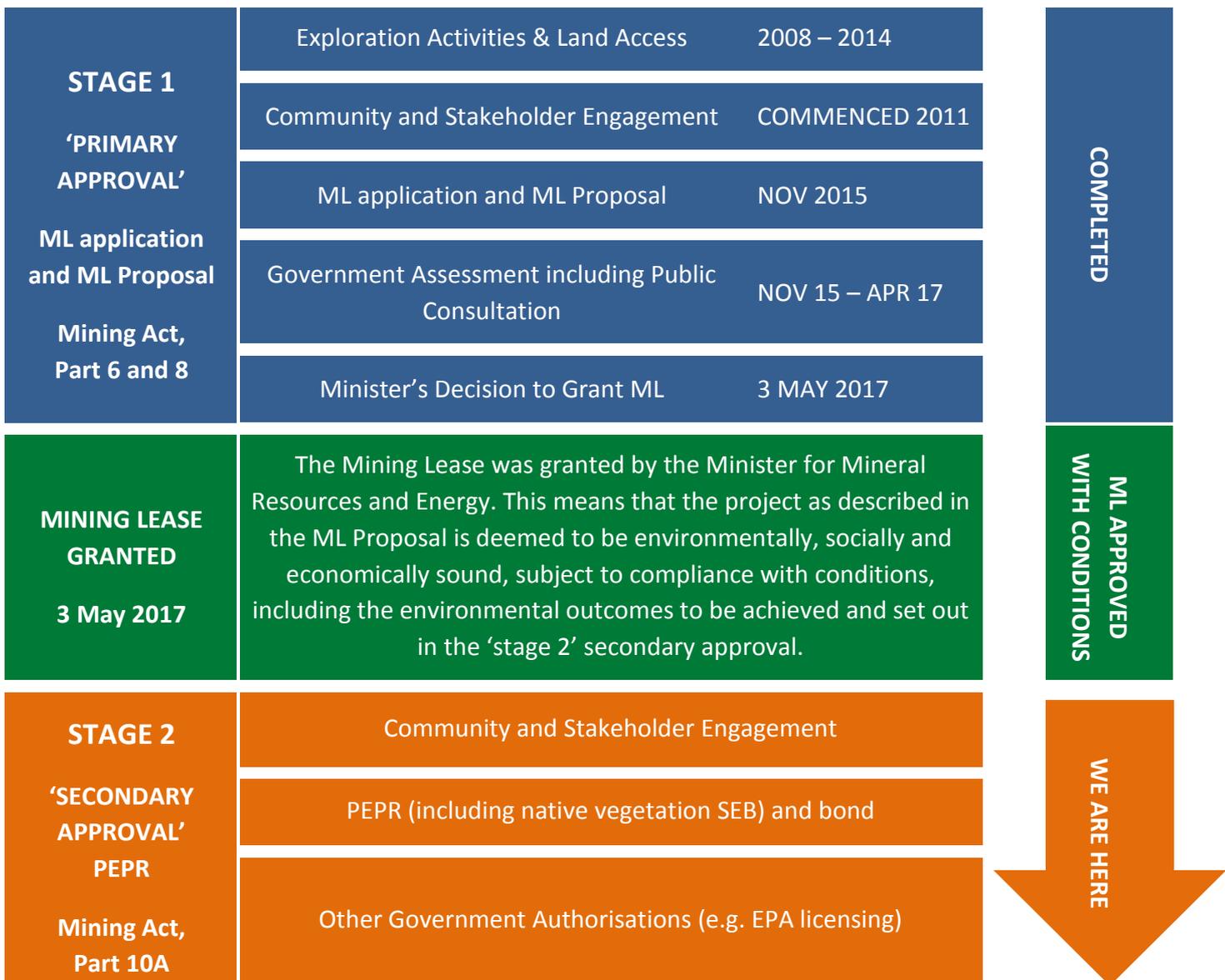


## STAGE 2 APPROVALS

### PROGRAM FOR ENVIRONMENTAL PROTECTION & REHABILITATION (PEPR)

The PEPR is the second stage of the Mining Lease (ML) approval process and covers all aspects of construction, operation and mine closure.

**Purpose of the PEPR:** To provide information demonstrating how the requirements of the ML will be met and setting out the strategies to achieve the environmental outcomes which were identified through the ML assessment and consultation process.



## ***Opportunity to learn more and get involved in the PEPR development***

Iron Road is holding a series of PEPR drop-in sessions in Wudinna at the end of August 2017. These sessions will be based around the key environmental challenges that the community has raised to date and how the conditioned environmental outcomes will be met. The Iron Road team are interested in feedback and open to receiving local knowledge that may improve strategies.

### **Why your involvement in these sessions is important**

The PEPR will set out mine operational requirements and contain the detail which government needs to monitor and regulate the mining activities. Your input is important and we encourage anyone interested to attend.

Information will be available on the following:

- Traffic Management
- Air Quality Management
- Surface and Groundwater Management
- Noise and Vibration (blasting) Management
- Mine Closure and Rehabilitation Management

### **Event Details:**

#### **Open Community Drop in Sessions**

##### **Wudinna Community Club**

Monday 28<sup>th</sup> August 2017  
2 pm – 5pm

##### **Wudinna and Districts Memorial Hall**

Tuesday 29<sup>th</sup> August 2017  
9am - 12pm  
2pm - 4pm  
6:30pm - 8:30pm

##### **Wudinna Community Club**

Wednesday 30<sup>th</sup> August 2017  
9am - 12pm

## 2017 Wudinna and Le Hunte Districts AH & F Society Show

Iron Road representatives will be attending the Wudinna Show again this year, with a marquee set up and display available for anyone interested in finding out more about the CEIP and the PEPR. Feel free to drop by for a chat.

## Iron Road Contact Information

If you don't get the chance to see us in Wudinna, the information available at those sessions will be available for viewing on our website and we welcome community feedback via our other channels of contact as detailed below:

Toll Free line: 1800 176 008

Email: [community@ironroadlimited.com.au](mailto:community@ironroadlimited.com.au)

Post: GPO Box 1164, Adelaide SA 5001

[www.ironroadlimited.com.au](http://www.ironroadlimited.com.au)

## Stakeholder Engagement Team

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## Community Assistance

For several years Iron Road has extended its Employee Assistance Program to families affected by the CEIP. We understand that some may find change or the long approvals and development timeframes involved with the project stressful. Talking with a trained professional in a confidential environment might be helpful. We encourage anyone who feels they may benefit from some assistance to contact Davidson Trahaire Corpsych (DTC) to organise a session by telephone, internet, video conference or in person. All you have to do is advise that you are an Eyre Peninsula resident affected by the Iron Road development. Free call: 1300 360 364, website: [www.davcorp.com.au](http://www.davcorp.com.au).