



Asia Iron Australia

Extension Hill Magnetite Project

Project Status Update

March 2012

10-800-PM-PRE-0056_0





Extension Hill Magnetite Project Status

- Australian and Chinese Regulatory Approvals received ✓
 - Australian FIRB investment approval
 - Chinese NDRC development approval
- Draft “Implementation Study” for Stage 1 completed by WorleyParsons ✓
- Very large initial Mineral Resource¹ confirmed ✓

• JORC Classification	Million tonnes	DTR %
• Measured	140	45.6
• Indicated	299	35.0
• Inferred	1,082	34.0
• TOTAL	1,521	35.3

- Initial open pit Ore Reserve¹ confirmed ✓

• JORC Classification	Million tonnes	DTR %
• Proved	134	46.0
• Probable	224	40.0
• TOTAL	358	42.3

¹ See last slide for JORC consent statements





Extension Hill Magnetite Project Status

- High recovery of premium magnetite concentrate confirmed ✓
 - Pilot testing completed
 - Conventional multistage grinding and magnetic separation
 - Composite life of mine mass recovery exceeds 42%
 - “Central BIF” mass recovery exceeds 45%
 - Concentrate grade exceeds 67.5% Fe
- Stage 1 project configuration confirmed ✓
 - Accommodation village and airstrip;
 - Open pit magnetite iron ore mine;
 - On-site processing of the ore to produce 10 Mtpa of magnetite concentrate;
 - Slurry pipeline to transport the concentrate slurry to Geraldton Port;
 - Concentrate storage and shipping facilities at the Geraldton Port;
 - Borefield at Tathra and a water supply pipeline deliver water to the mine site;
 - 330kV power transmission line from Three Springs to the mine site;
 - Power supply from grid connections at Geraldton and Three Springs.





Extension Hill Magnetite Project Status

- Stage 1 support services confirmed ✓
 - Water license issued
 - Western Power Mid West Energy Project (Southern Section) approved
 - Powerline corridor options executed
 - Power supply offers received
 - Pipeline and powerline corridor access options exercised
 - Geraldton Port MoU executed
- Stage 1 primary environmental approvals confirmed ✓
 - *Environmental Protection Act 1986 (WA)* Part IV approval
 - S45C and S46 amendments approved
 - *Environment Protection and Biodiversity Conservation Act 1999 (Cth)* approval
- Stage 1 design and costing completed ✓
 - >150,000 engineering manhours
 - Early contractor involvement with pipeline and powerline contractors confirms current industry capacity and capability
- Stage 1 execution strategy developed
 - EPCM model proposed by WorleyParsons





Extension Hill Magnetite Project Status

- Stage 1 financial modeling completed ✓
 - Funding structure lending ratios confirmed
- Project schedule and cost optimisation underway ✓
 - Flowsheet refinements
 - eg stockpile and surge capacity sizing
 - Equipment supply opportunities
 - eg second hand mills
 - Capital deferral opportunities
 - eg twin circuit 330kV transmission towers with single circuit strung
 - Contract service opportunities
 - eg mining services
 - Project execution strategy review
 - eg Design and Construct packaging rather than EPCM
 - Initial capital savings of 35% to 40% identified
 - Confident that <AUD\$3 billion construction cost can be achieved
- Early works have commenced to preserve schedule ✓
 - Highway relocated
 - 120 person village constructed
 - Purchase of adjacent gold mine tenements, assets and infrastructure





Ground Breaking Ceremony December 2011



Badimia Man Mr Victor Little
Presenting Barna (ground) to Vice
Mayor of Chongqing Mr Yueming
Ling and Badimia ALO Mr Frank
Walsh at Extension Hill

Badimia people, Front Row - Margaret
Gidgup, Olive Gibson , Victor Little
(Perth), Gloria Fogarty, Back Row,
Frank Walsh, Lorraine Simpson,
Beverley Slater and Victor Little





Extension Hill Magnetite Project Current Activities

- Maintaining focus on First Concentrate On Ship by December 2014
- Continuing project optimisation
 - Stage 1 optimisation
 - Stage 2 assessments (eg resource definition drilling)
- Continuing project readiness
 - Early site works and establishment
 - Secondary approvals and authorisations
- Finalising execution strategy
 - Establish owner's team and project services
- Finalising operation service agreements
 - Power transmission and supply
 - Port services
- Finalising construction and supply agreements
 - Long lead equipment orders
 - Design and construct packaging
- Finalising and satisfying debt finance conditions





Extension Hill Magnetite Project Contractor / Supplier Engagement

- WorleyParsons Implementation Study PMC Services contract at an end
 - EPCM project delivery strategy not preferred
- Asia Iron will engage directly with prospective contractors and suppliers
 - Design and Construct packaging favoured
 - Optimised Implementation Study standards and specifications to form basis of design
 - Key commercial principles to be declared
 - Early Contractor Involvement preferred
- Revised delivery strategy to benefit all through
 - Certainty in contractor resource allocation and timing
 - Commercial risks understood and properly allocated
 - Seamless transition through project debt financing to construction



JORC Consents

- The information in this presentation that relates to Mineral Resources is based upon information compiled by David Milton. David Milton is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to 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”. David Milton consents to the inclusion of the matters based on his information in the form and context in which it appears.
- The information in this presentation that relates to Ore Reserves is based on information compiled by Mr Steve Craig, Managing Director of ORElogy (Mining Consultants). Mr Craig is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity 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 Craig consents to the inclusion of the matters based on his information in the form and context in which it appears in this presentation.