



Asia Iron Australia

Project Update December 2012

The Extension Hill Magnetite Project Asia Iron





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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.

Statements referring to exploration targets that refer to potential quantity and grade are conceptual in nature and there has been insufficient exploration to define a Mineral Resource at this time. It is uncertain if further exploration will result in the determination of a Mineral Resource.





The Asia Iron Group

- Unique 100% Chinese owned partnership
 - 60% State Owned Enterprise Conglomerate
 - Shareholders are:
 - Steel producer;
 - Clean energy investor; and
 - Foreign trade and economic cooperation enterprise
 - Ultimate Parent is the Municipality of Chongqing
 - 40% Privately Owned Enterprise
 - Raw materials trader and resource investor
- HK Holding Company Shareholder's Agreement
 - Voting rights
 - Financing
 - Offtake
- “One Team” management based in Perth



Chongqing

- 1,500 km upstream Yangtse River
- 30+ million population
- Focus of China's "Go West" Policy
- Autonomous Region
- Rapid Urbanisation
- Massive Infrastructure Build



Asia Iron Assets





Asia Iron Development Portfolio

Opportunity Screening

Minga Well Hematite

Minga Well Magnetite

Regional Prospects

Infrastructure Projects

Resource Evaluation

Irwin River Coal

Mt Gibson Gold

Koolanooka South Hematite

Project Evaluation

Extension Hill Magnetite Expansion Project

Koolanooka South Magnetite Project

Development

Extension Hill Magnetite Stage 1





Extension Hill Magnetite Project Configuration

- Mine located on Badimia country
- Stage 1 project configuration:
 - Accommodation village and airstrip;
 - An open pit magnetite iron ore mine;
 - On site concentrator producing **10 Mtpa** of magnetite concentrate;
 - 288 km **slurry pipeline** to transport concentrate to **Geraldton Port**;
 - Concentrate storage and shipping facilities at the Geraldton Port;
 - 160 km water supply pipeline and **borefield**;
 - 141 km 330kV **power transmission line**;
 - **Power supply** from the South West Interconnected System.
- All Stage 1 Commonwealth and State Environmental Approvals received





Extension Hill Magnetite Project

Long Life and High Production Rate

- Massive mineral resource potential
 - ± 1.7 Bt JORC Mineral Resource
 - Providing 600 Mt of magnetite concentrate
 - ± 6 Bt to 8 Bt Exploration Target
 - Providing +/- 2.0 Bt to 2.8 Bt of magnetite concentrate
- Development will be in stages over several decades
 - Stage 1 – 10 Mtpa through Geraldton
 - Stage 2 – ± 20 Mtpa through Oakajee
 - Stage 3 – ± 50 Mtpa through Oakajee with possible downstream processing
- Potential to provide
 - > 40 years life
 - > 50,000,000 tonnes per annum production rate (with Oakajee)





Extension Hill Magnetite Project Sound Project Economics ¹

- Capital Intensity (\$ per annual tonne concentrate)
 - Southdown 10 Mtpa ± AUD\$ 290
 - **Extension Hill 10 Mtpa ± AUD\$ 300**
 - Karara 8 Mtpa ± AUD\$ 320
 - Sino Iron 27.6 Mtpa > AUD\$ 330

- Operating Cost (\$ per tonne concentrate)
 - **Extension Hill < AUD\$ 55**
 - Southdown < AUD\$ 59
 - Karara > AUD\$ 70
 - Sino Iron not disclosed

¹ Derived from ASX Announcements (Gindalbie 30 Nov 2012, Grange 30 April 2012) and AIA Project Optimisation Study February 2012





The Extension Hill Magnetite Project Flight to Quality

To be successful during the coming flight to quality, project proponents will need to meet a more rigorous combination of financial, commercial and risk hurdles. In addition to sound project economics, investors will demand:

- A resource base of a size and quality comparable to other regional and global resource projects.*
- An asset that can support multiple brownfield expansions once the initial development is complete.*
- Quality and depth of management with a track record in developing and operating similar assets.*
- Locations which benefit from relatively simpler logistics plans or have access to infrastructure or infrastructure rights.*
- Partners with sufficient financial capacity to support the project development and manage the completion and market risks.*



A resource base of a size and quality comparable to other regional and global resource projects

✓ JORC Resource Size

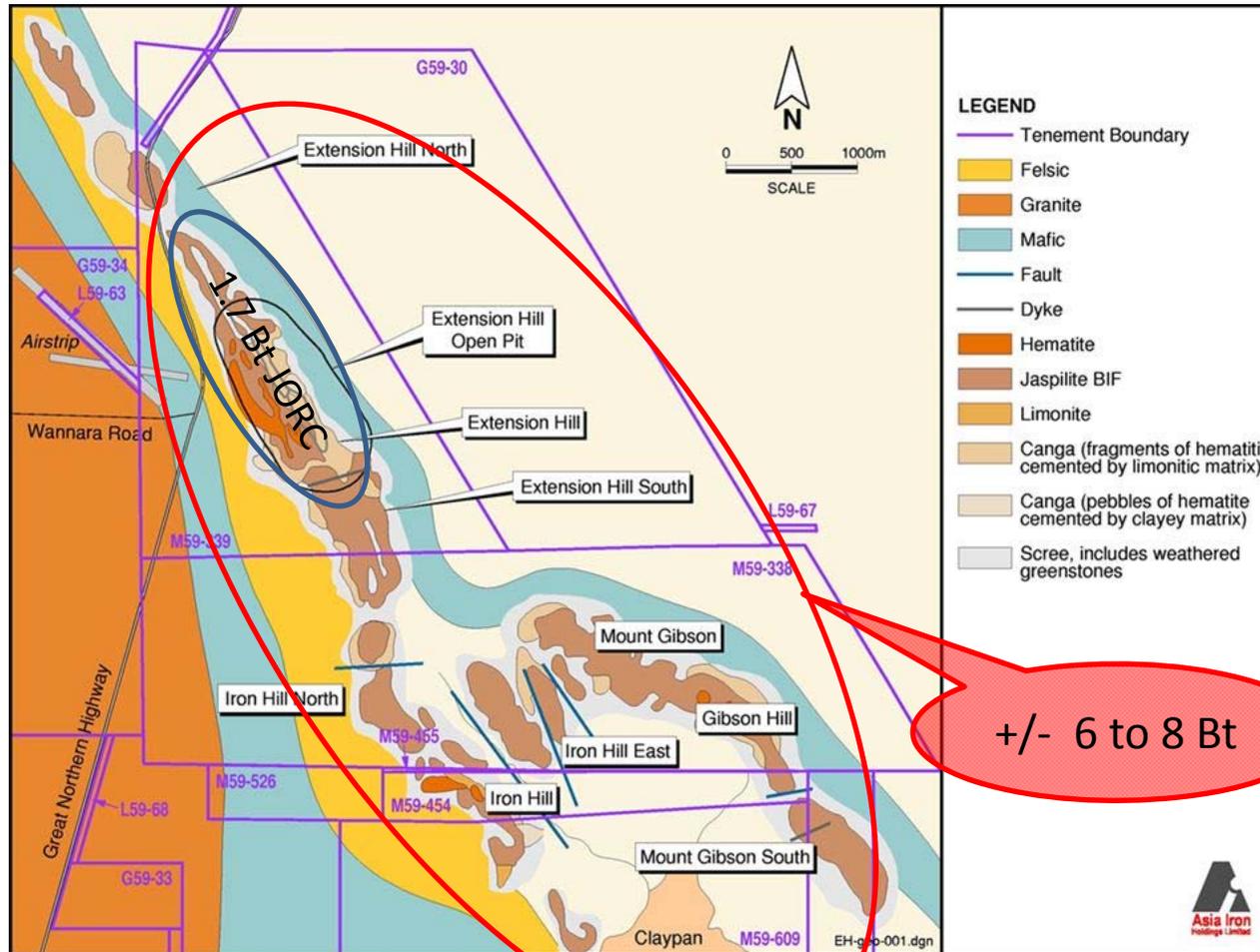
- | | |
|--------------------------|-------------------------------------|
| 1. Jack Hills | 3.2 Bt |
| 2. Karara | 2.4 Bt |
| 3. Extension Hill | 1.7 Bt (6 to 8 Bt potential) |
| 4. Southdown | 1.2 Bt |

✓ Ore Quality (mass % recovery)

- | | |
|--------------------------|---------------|
| 1. Extension Hill | +/-45% |
| 2. Karara | <40% |
| 3. Southdown | <35% |
| 4. Jack Hills | <35% |



An asset that can support multiple brownfield expansions once the initial development is complete





Quality and depth of management with a track record in developing and operating similar assets

- ✓ *Quality and depth of management with a track record in developing and operating similar assets*
 - Relevant experience
 - Bulk commodities
 - Greenfields
 - Brownfields
 - Infrastructure
 - Discipline specialists
 - Technical
 - Commercial
 - Utilities
 - Operations
 - Development
 - “One Team”
 - Australian and Chinese Integrated Management





Relatively simpler logistics plans with access to infrastructure

- ✓ *Locations which benefit from relatively simpler logistics plans or have access to infrastructure or infrastructure rights.*
 - Slurry transport to port (280 km)
 - Very low cost, mature technology of choice
 - Private corridor, full control
 - MoU to utilise Geraldton Port for 10 Mtpa (dry)
 - Load and discharge port constraints matched
 - Access to Electricity Network
 - Regulated transmission and generation market
 - Private corridor
 - **INDEPENDENT OF OAKAJEE PORT FOR STAGE 1**





Partners with sufficient financial capacity

- ✓ *Partners with sufficient financial capacity to support the project development and manage the completion and market risks.*
 - Chinese SoE majority ownership
 - Chinese SoE offtake
 - Chinese Regulatory approvals
 - Chinese Debt finance available

- Development timetable has been delayed due to delays associated with the political changes that have, and are occurring in the City of Chongqing



Extension Hill Magnetite Project

Stage 1 Status

- ✓ Environmental Approvals
 - ✓ State approvals
 - ✓ Federal approvals
- ✓ Granted Mining Leases
- ✓ Water Licences
 - ✓ Groundwater extraction licences issued
- ✓ Land Use Rights
 - ✓ Heritage agreements
 - ✓ Native title agreements
 - ✓ Private landowner agreements
- ✓ Key Regulatory Approvals
 - ✓ WA Environmental Approval
 - ✓ Commonwealth Environmental Approval
 - ✓ FIRB Approval
 - ✓ NDRC Investment Approval
- ✓ Transport Mine to Port secured
 - ✓ Private slurry pipeline corridor approved
- ✓ Power Transmission
 - ✓ Network application accepted
 - ✓ Private corridor approved
 - ✓ Governmental network upgrade approved and committed
- ✓ Port Services Secured
 - ✓ 10 Mtpa MoU with Geraldton Port Authority
- ✓ >AUD\$100 M expenditure since Oct 2010
- ✓ Early works commenced
 - ✓ Highway relocated
 - ✓ 120 person village constructed
 - ✓ Airstrip, borefield, village acquired





JORC Mineral Resource Estimate

- The mineral resource estimate for Extension Hill Magnetite Project at 31st August 2012 is:
 - Measured Resource of 298 Million Tonnes with DTR of 43.1 %;
 - Indicated Resource of 422 Million Tonnes with DTR of 32.4 %; and
 - Inferred Resource of 960 Million Tonnes with DTR of 34.1 %.
 - **Total Resources of 1,699 Million Tonnes with DTR of 35.1 %.**
- This total includes the initial high grade Central BIF resource of:
 - Measured Resource of 251 Million Tonnes with DTR of 46.4 %;
 - Indicated Resource of 184 Million Tonnes with DTR of 44.9 %; and
 - Inferred Resource of 461 Million Tonnes with DTR of 43.5 %.
 - **Total Central BIF Resource of 896 Million Tonnes with DTR of 44.6 %.**
 - All reported values for Davis Tube Recovery (DTR) refer to weight percentages of magnetically recovered minerals or concentrate
 - No cut-off grade has been applied





Thank You

Extension Hill Magnetite Project

For more information:

www.asiairon.com.au