



NEVADA IRON LTD

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RAIL FREIGHT CONTRACT WITH UNION PACIFIC

Nevada Iron Ltd (the "Company") (NVI-ASX, NVR-TSX) is pleased to announce that it has signed a contract with Union Pacific Railroad ("Union Pacific") to transport the Company's iron ore concentrate from its Huxley rail siding to a variety of ports located on the US west coast.

The binding contract is for a term of 5 years, commencing 1 January 2016, and covers iron ore concentrate delivered to the agreed ports. The contract does not impose any fixed minimum volumes or Take or Pay obligations on the Company.

The contract includes standard rail freight rates, with a variable rate schedule that adjusts with the rise and fall of fuel prices, which have experienced a significant downward trend over the past 6 months. The Company will be required to construct a rail yard facility at Huxley, which forms part of the capital cost of the project.

Union Pacific Corporation (NYSE:UNP) is one of America's leading transportation companies. Its principal operating company, Union Pacific Railroad, is North America's premier railroad franchise, covering 23 states across the western two-thirds of the United States. In 2013, Union Pacific employed 46,500 people and ran in excess of 8,300 locomotives.

Union Pacific owns the rail line that passes by the Company's owned Huxley rail siding, which connects to the US west coast ports.

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Mr McMullen, Executive Chairman, commented on the contract: "This contract provides certainty for our shareholders in terms of our ability to access the rail infrastructure between our Huxley rail siding and the west coast ports at reasonable freight rates. It partners us with Union Pacific for our freight needs, who bring a wealth of operational experience to the project. The 5 year term of the contract allows us to get our Phase 1 operation up and running while we assess Phase 2 and its logistical requirements, which may include a rail spur or slurry line from the mine site.

As with most iron ore projects, the logistics represent a major part of the cost of delivering product to customers. Locking down the Union Pacific rail contract reduces our risk in this area. With the falling oil prices witnessed over the last 6 months, large falls in transport rates from US west coast ports to China have resulted. While iron ore prices have also fallen, the reduction in freight costs from site to China has, at least partially, offset the iron ore price falls.

We are continuing with the advancement of the project towards a development decision and are currently working on the completion of the remainder of the required commercial agreements."

Michael Higginson
Company Secretary