

# Rutila Resources Ltd Project Update December 2014



Balla Balla Jetty and the Beagle 1898



Balla Balla Train pulling copper ore in sacks c1901

Courtesy Shire of Roebourne Local History Collection 2005.122



**RUTILA**  
RESOURCES

# Rutila Resources Ltd – Competent Person and Disclaimer

## Competent Person

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves of Flinders Mines Ltd based on information compiled Dr G McDonald (who is a member of the Australasian Institute of Mining and Metallurgy). Dr McDonald is an employee of Flinders Mines Limited and has sufficient experience that is relevant to the style of mineralisation and types of deposit under consideration and consents to inclusion of the information in this report in the form and context in which it appears. Dr McDonald qualifies as a Competent Person as defined in the 2012 Edition of the “Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves”.

The Resource estimate for the Balla Balla BFS Central/Extension, BFS Western and East Block B deposits is sourced from Golder Associates report reference 087641039 011 L Rev2 dated 5 August 2009 and is contained within Domain 1 (main Fe zone modelled at 35% Fe cut-off) and Domain 7 (high vanadium zone modelled at 35% Fe cut-off and 0.85% V<sub>2</sub>O<sub>5</sub> cut-off) combined. The Resource estimate for the Balla Balla Far Western Area is sourced from Golder Associates report reference 087641039 007 L Rev1 dated 8 December 2008 and is contained within Domain 1.1 (lower main Fe zone) and Domain 1.2 (upper main Fe zone), both modelled at 35% Fe cut-off. For all deposits, tonnage estimations are reported at a cut-off grade of 0.001% Fe within the modelled domains. The Fe resource includes in-situ Fe-bearing minerals that are not amenable to magnetic recovery. Magnetic recovery factors or assumptions have not been applied to these Mineral Resources. In August 2009, an increase to Measured, Indicated and Inferred Resources of the Western and Central-East Pit areas of the Balla Balla magnetite (Fe-V-Ti) deposit was reported. In December 2008, an upgrade of the Balla Balla Far Western Area Resource from 100% Inferred to Measured, Indicated and Inferred Resources was reported. The information in this document that relates to Mineral Resources is based upon information compiled by Matthew Chinn who is a member of the Australasian Institute of Mining and Metallurgy and a Fellow of the Geological Society of London. Matthew Chinn is a geological consultant to Rutila Resources Limited 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 by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). Matthew Chinn consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

This Presentation has been prepared by Rutila Resources Ltd (ABN 139 886 187) (Rutila or the Company). This Presentation contains summary information about Rutila and its subsidiaries (Rutila Group) and their activities current as at the date of this Presentation. The information in this Presentation is of general background and does not purport to be complete or to comprise all the information that a shareholder or potential investor in Rutila may require in order to determine whether to deal in Rutila shares. It should be read in conjunction with Rutila Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at [www.asx.com.au](http://www.asx.com.au). This document is not a prospectus or a product disclosure statement under the Corporations Act (Cth) 2001 (Corporations Act) and has not been lodged with the Australian Securities and Investments Commission (ASIC).

Not investment or financial product advice

This Presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire Rutila shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek financial, legal and taxation advice appropriate to their jurisdiction. Rutila is not licensed to provide financial product advice in respect of Rutila shares. Cooling off rights do not apply to the acquisition of Rutila shares.

## Financial data

All dollar values are in Australian dollars (A\$) unless stated otherwise and financial data is presented within the financial year end of 30 June 2014 unless stated otherwise. Any pro forma historical financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the US Securities and Exchange Commission.

## Past performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

## Future performance

This Presentation contains certain “forward-looking statements”. The words “expect”, “should”, “could”, “may”, “will”, “predict”, “plan”, “scenario”, “forecasts”, “anticipates” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Such forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

# Overview

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## Project update

- Government support through the acceptance of Rutila to negotiate, on behalf of the BBJV, a State Agreement for the development of a private railway to service potential iron ore mines in the Pilbara and deliver ore through the proposed Balla Balla Port.
- Front End Engineering and Design (FEED) is well underway for the Rail and Port facilities.
- Access and approvals are also significantly advanced with the granting of section 91 access licence in December 2014. Negotiations with Native Title holders, pastoralists and mining tenement holders are well advanced.



## BBJV Project Overview

- The low capital intensity of the transshipment port and a short 160km railway and ~40km conveyor, combined with projected lowest quartile operating costs, make this a financially robust and compelling project.
- Targeting Financial Investment Decision prior to the end of 2015 and commencement of operations scheduled for end of 2017 / early 2018.



## Alliance Agreement

- Next Mine, Rail and Port development in the Pilbara, delivering new cost effective, capital light solution
- The infrastructure solution will unlock Flinders Mines Limited (Flinders) Pilbara Iron Ore Project (PIOP) and Balla Balla mines and open up a new iron ore region in the exciting underdeveloped Central Pilbara region.

# *Project Update*

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# Important Project goals have been achieved

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## GOALS ACHIEVED

### ✓ Invitation to negotiate State Agreement

The Company has received approval from the Premier of Western Australia and Minister for State Development, The Hon Colin Barnett MLA, for the Balla Balla Joint Venture to negotiate a State Agreement to enable the facilitation of the construction of a private railway line to service potential iron ore mines in the Pilbara and deliver that ore through the proposed Balla Balla port.

### ✓ FEED

FEED is underway, with the appointment of Coffey International who is currently completing geotechnical and hydrological field studies relating to rail and port, BAM Clough for the jetty design, and AECOM who have commenced the rail design.

### ✓ Access and Approvals

Access and approvals are significantly advanced with the granting of section 91 access licence in December 2014. Environmental approvals, negotiations with Native Title holders, pastoralists and mining tenement holders are well advanced.

### ✓ Agreement with Chinese Steel Mill

The BBJV has signed a non-binding memorandum of understanding with one of the largest steel mills in China setting out the basis upon which the JV and the Chinese Mill will develop a long term strategic relationship to use the proposed infrastructure to supply iron ore to the Chinese Mill. Subsequently, this has been converted to a Framework Agreement, setting out the proposed key commercial terms.

# BBJV has obtained important access and environmental agreements and approvals required to develop the Project

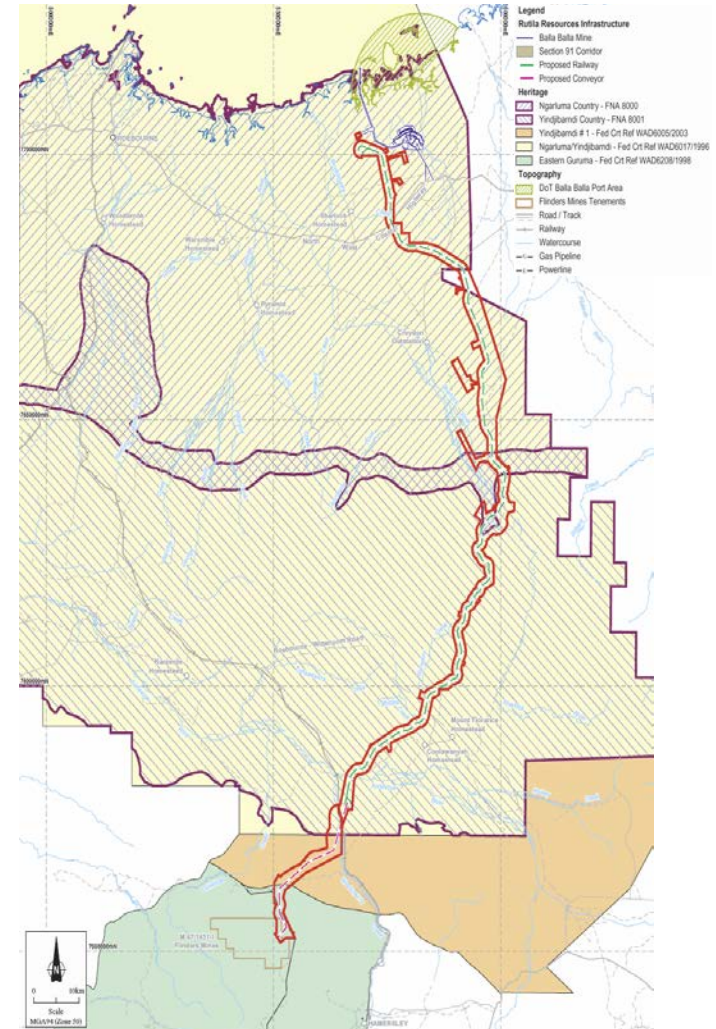
## STATUS OF APPROVALS

### Balla Balla Port

- ✓ EPA WA Ministerial Statement 945 (variation for expansion)
- ✓ Federal Environmental Protection & Biodiversity Conservation Act (EPBC Act)
- ✓ Department of Mines & Petroleum tenure
- ✓ Department of Water 6GLpa 5C water extraction licence
- ✓ Ngarluma Aboriginal Corporation native title agreement in place
- ✓ Pilbara Port Authority Agreement under negotiation

### Balla Balla Rail

- ✓ Native title agreement with Yindjibarndi Aboriginal Corporation in place
- ✓ Ngarluma Aboriginal Corporation port native title agreement variation for rail under negotiation
- ✓ Department of Lands Section 91 (early investigation) Licence granted in December 2014
- ✓ BBJV invited to negotiate a State Agreement for the development of a Railway line in Western Australia.



# Commencement of construction estimated in Q4 2015 and operation commencement estimated for end of 2017 / early 2018

## INDICATIVE TIMELINE

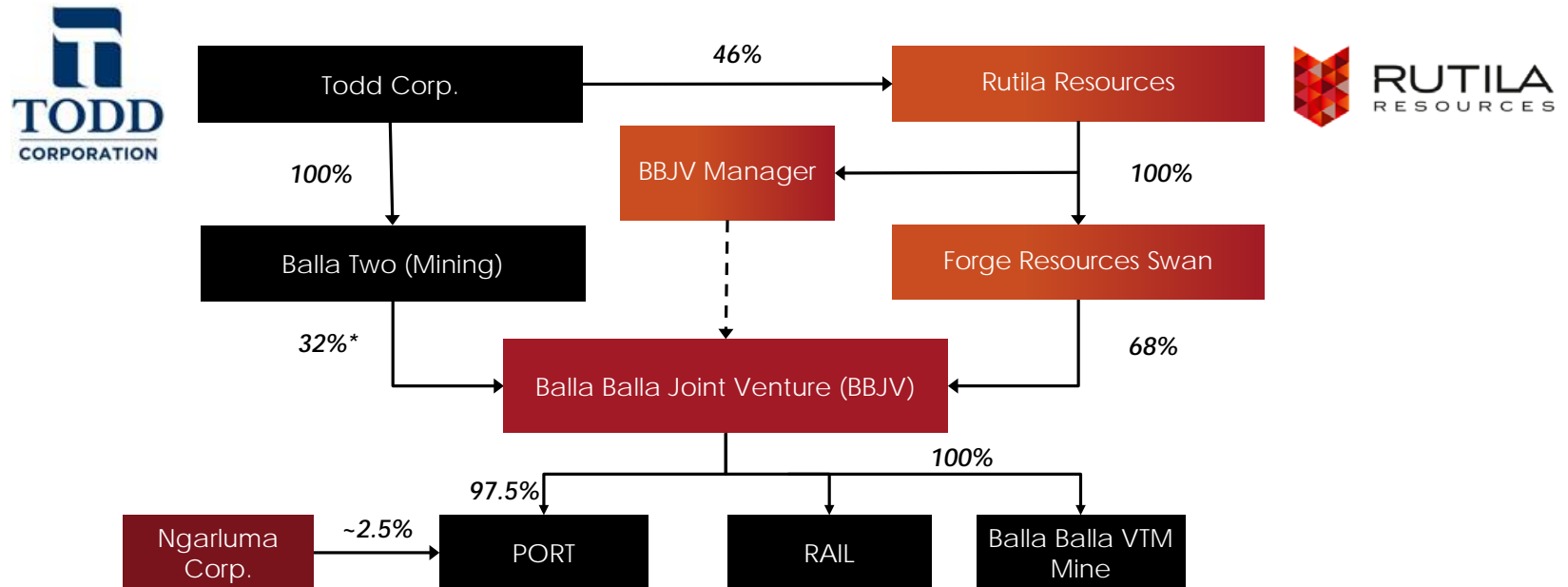


# *BBJV Overview*

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# BBJV is an unincorporated joint venture between Todd Corporation and Rutila Resources. Todd Corporation was founded in 1884 and has a major asset base



- ✓ Todd Corporation is one of New Zealand's most successful companies
- ✓ Founded in 1884, now with very substantial asset base
- ✓ Significant holdings in energy (oil and gas), wine, telecommunications, property and health
- ✓ ~1200 personnel – New Zealand, Australia and North America

# Rutila together with its JV partner Todd have the experience to build the capacity required to deliver the Project

## Rutila Resources Team



**Nicholas Curtis AM - Executive Chairman**  
BA (Hons), FAICD

- 30 years experience in the resource sector; Former Chairman of Lynas Corporation, founding Chairman of Sino Mining Gold Prior to that Nick was an Executive Director of Macquarie Bank Limited. Nick is Governor of the Mining and Metals Industry Partnership Group at the World Economic Forum & Co-Chair of the Global Growth Company community with the World Economic Forum.



**Peter Jones – Group Executive, Engineering**  
B Engineering (Electrical) CPEng

- a Chartered Professional Engineer with over thirty years' of Engineering, Procurement & Construction experience in the heavy industry market. Mr Jones joined Rutila from UGL Limited where he was Group Manager Major Projects. Peter has worked on and delivered over \$15B of projects in the past 10 years.



**Angela Johnson (Ange) – Group Executive WA**  
B Science (Metallurgy & Chemistry)

- 13 years of experience in the resource sector; Ange previously worked for Atlas Iron where she held the role of General Manager Land Access, Heritage and Approvals. Prior to this Ange was Project Manager of the Balla Balla Project for Aurox Resources and previous to this spent 7 years in operational roles in northern Australia.



## Todd Corporation Team

### Todd Corporation

- One of New Zealand's largest companies, with a history that spans 125 years with interests including oil and gas exploration and production, electricity generation, energy retailing, property development.



**Jon Young - Group Chief Executive Officer**  
B Engineering (Chemical), B Science (Mathematics),  
Dip Arts (Art History)

- 30 years' experience in the resource sector; Jon joined Todd in 2011. Prior to this Jon worked for Santos as Executive Vice President Operations. Prior to this Jon spent 17 working at Mobil Oil with his last role being Chief Executive Officer of Indo Mobil Ltd



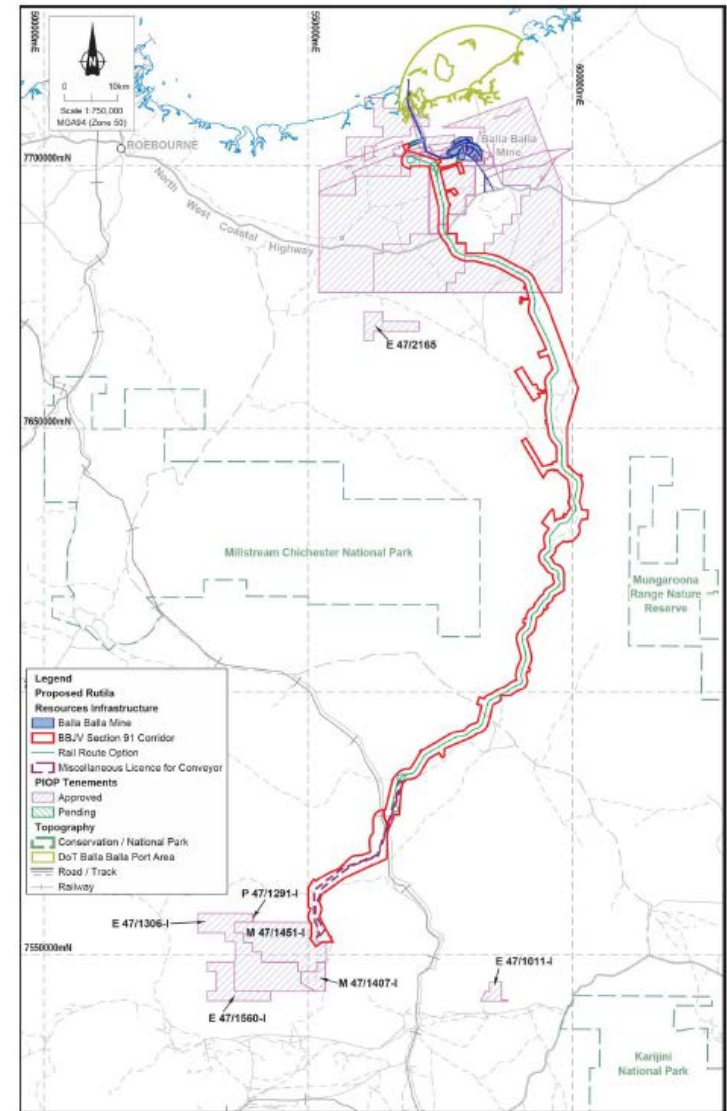
**Michael Wolley - VP Minerals and Coal**  
B Engineering (Chemical) (Hons) MMgmt

- Over 25 years of experience in the resource sector; A 15 year career with Mobil Oil Australia working in engineering, operations, strategic planning and business development in Australia and New Zealand. Worked in Asia Pacific including a period as President BlueScope Steel China.

# Overview of the Project

The Project comprises of a proposed:

1. transhipment and stockyard facility at Balla Balla Harbour on the Pilbara Coast (the Port Facility); and
  2. an approximately 160km railway and 40km conveyor traversing south from Balla Balla Harbour, between the Millstream Chichester and Mungaroon Range National Parks toward Flinders' PIOP.
- ✓ The proposed Port Facility includes the re-establishment of the original Balla Balla Port gazetted in 1898, located on the Pilbara coast mid-way between Dampier and Port Hedland.
  - ✓ The proposed Port Facility is within close proximity to the North-west Coastal Highway, Pilbara Energy Pipeline (PEPL) and Horizon 220kV power line.
  - ✓ The Port Facility has been designed to minimise environmental impact by utilising transhipment. It is intended that no dredging will be required and no deep water infrastructure will be built.
  - ✓ The foundation customer for the Project is Flinders, of which a subsidiary of Todd is the largest shareholder. Flinders owns PIOP, a 25Mtpa haematite mine 200km to the south of Balla Balla Harbour in the Central Pilbara region of Western Australia.
  - ✓ The initial phase of proposed development will enable the export of PIOP's ore (Stage 1).



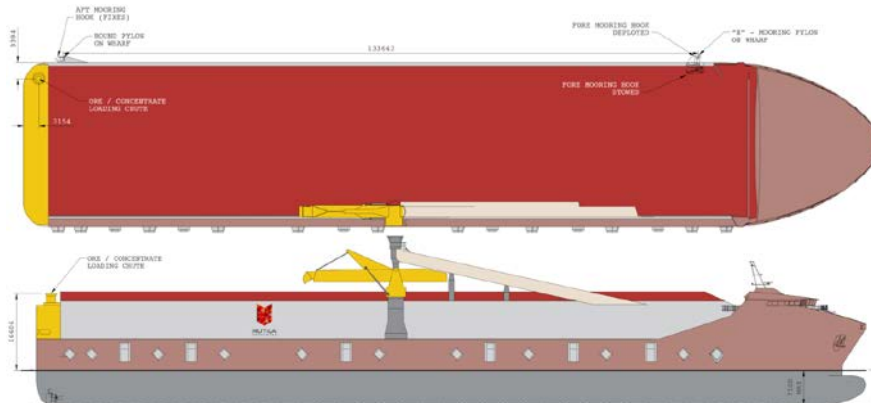
# New generation Transshipment shuttle vessels (TSVs) shall load at the port jetty and unload into cape size vessels anchored offshore



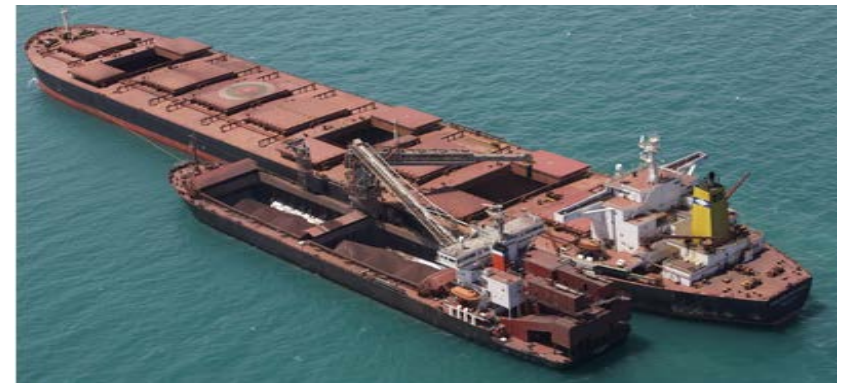
The dewatering plant and stockyard are located next to the coast, with significant spare land for expanded stockyard and train load out facility



The highly automated stockyard, with a stacker and reclaimer, will load the TSV via a 9km in length overland conveyor and 2.9km jetty



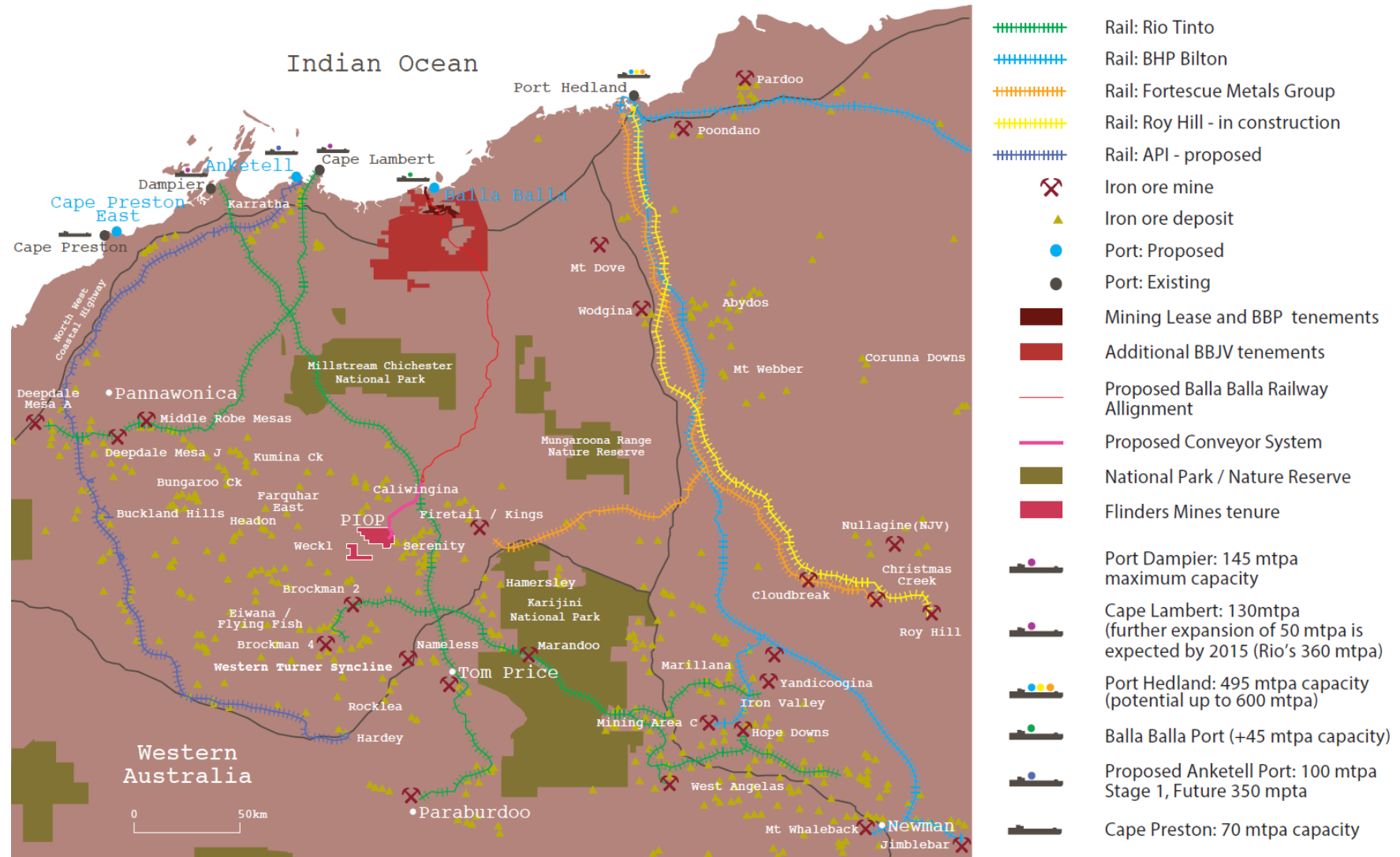
The new TSVs are purpose built, shallow draft, self propelled, self unloading ships carrying ~30,000t per run and over 180m in length



Transshipment is currently being used at Arrium's Whyalla Port in South Australia and Cape Preston CITIC port as well as throughout Indonesia, Canada and Africa



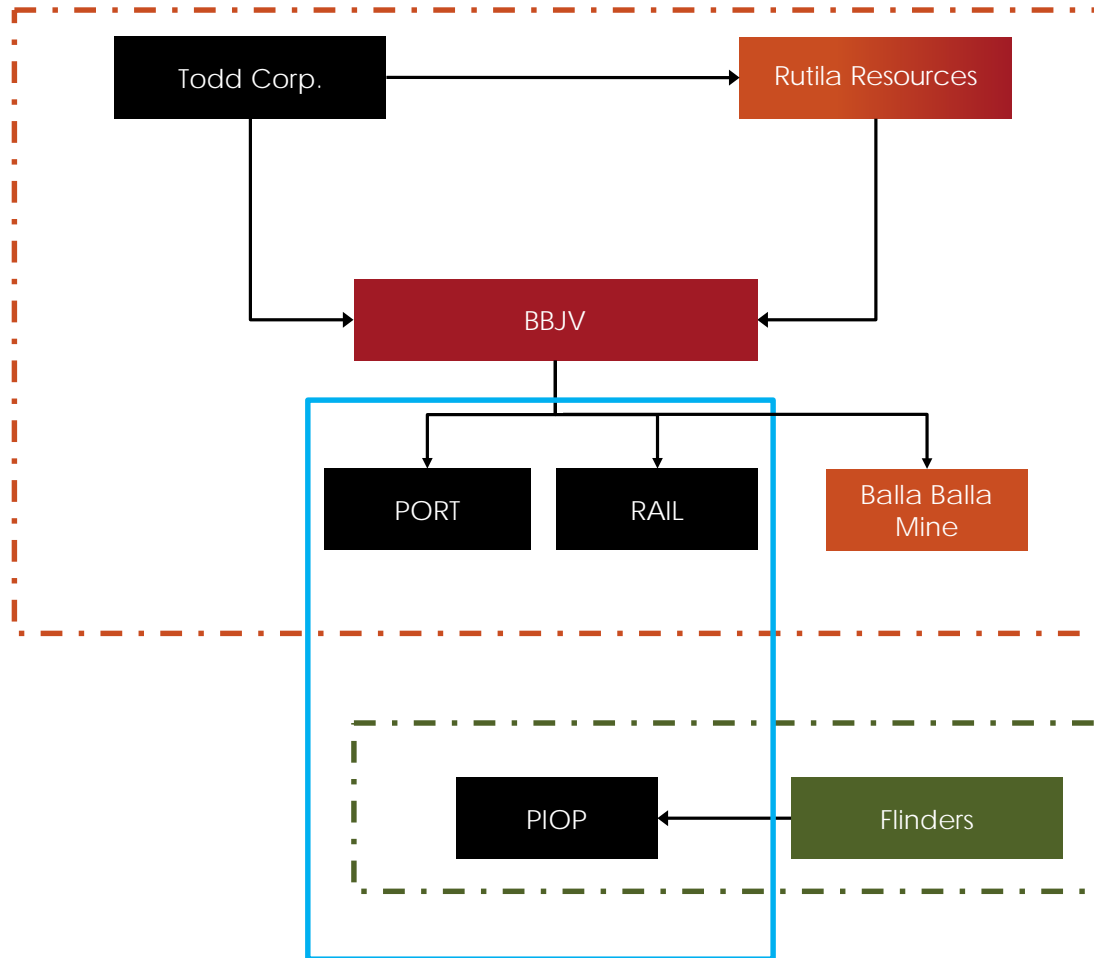
# The Central Pilbara Region has significant undeveloped JORC iron ore Resources



# *Alliance Agreement*

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# Under the Alliance Agreement Flinders pays all operating costs for the combined project + infrastructure tariff to BBJV



— Alliance Agreement

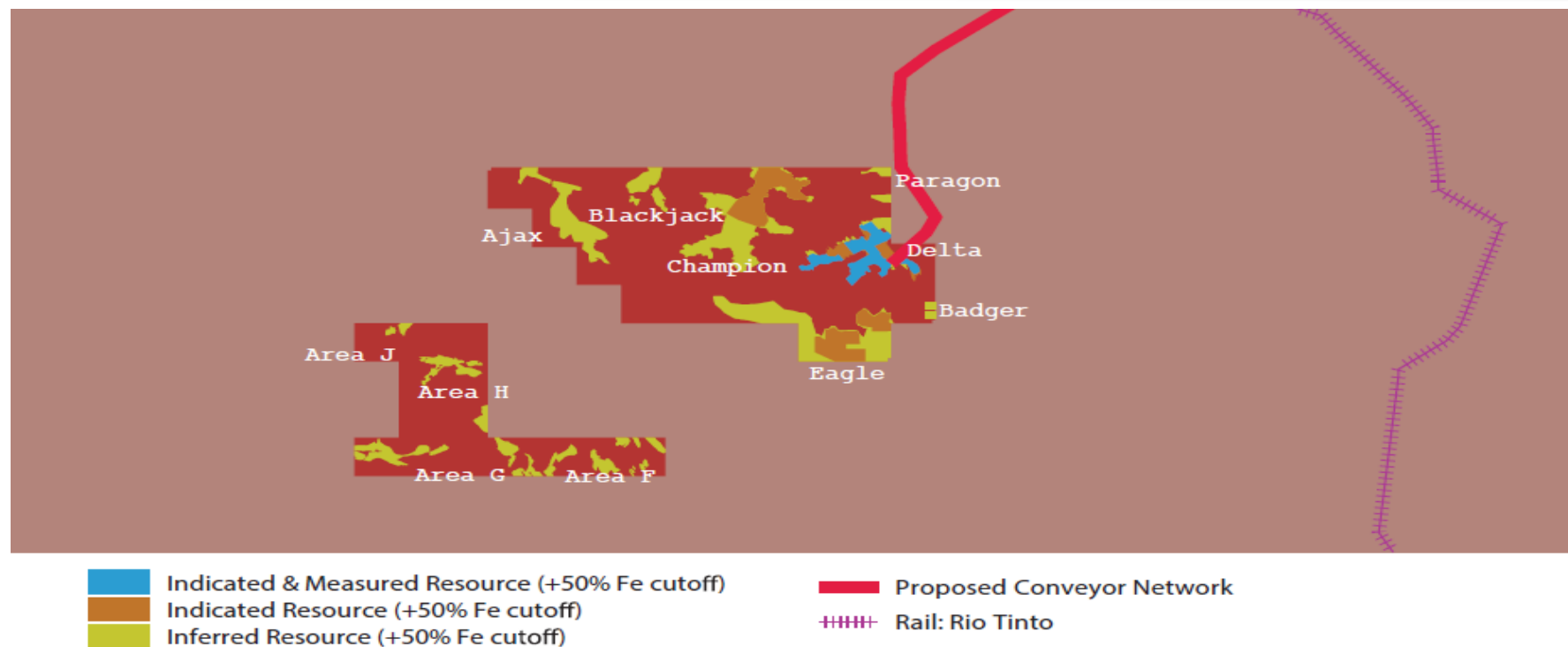
- - - BBJV

- Infrastructure Capex assumed
- Infrastructure Tariff charged
- All OpEx on-charged

- - - Flinders

- Mine Capex assumed
- Infrastructure Tariff
- All Operating Costs

## The Alliance Agreement with Flinders facilitates for the BBJV to be its exclusive transport provider for up to 30mtpa from its PIOP project



- ✓ Flinders has signed with the BBJV to become the Foundation User of the Balla Balla Port through the development of PIOP for up to 30mtpa.
- ✓ PIOP has a plan to mine >250Mt with a 58.5% Fe product, supporting an initial life of mine of >10 years. The resource of 1,040Mt @ 55.6% Fe shows significant upside.
- ✓ Recent infill drilling results from Flinders' PIOP project, highlight the strength of the Resource, with multiple new significant high grade(+60% Fe) intersections.





## The Flinders product is comparable to the four major iron ore producers in Australia and is a highly saleable product

Pilbara products	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	LOI	Moisture
BHP: Newman lump	63.6%	4.00%	1.40%	0.07%	3.3%	3.3%
BHP: Newman fines	62.7%	4.30%	2.30%	0.08%	5.6%	6.4%
RIO: Pilbara blend lump	62.5%	4.00%	2.00%	0.07%	3.5%	4.0%
BHP: MAC lump	62.4%	3.10%	1.30%	0.07%	4.5%	4.2%
Mt Gibson	62.1%	7.00%	1.16%	0.03%	6.0%	6.0%
RIO: Pilbara blend fine	61.5%	4.20%	2.30%	0.09%	8.5%	8.5%
BHP: MAC fines	61.1%	4.00%	2.20%	0.08%	8.0%	8.0%
Roy Hill	61.0%	4.50%	2.20%	0.06%	4.6%	8.0%
FMG: Rocket Fines	59.0%	3.70%	2.10%	0.06%	6.4%	10.5%
RIO: Yandi fines	58.5%	3.80%	1.60%	0.04%	9.0%	9.0%
<b>FMS: PIOP</b>	<b>58.5%</b>	<b>6.00%</b>	<b>3.30%</b>	<b>0.10%</b>	<b>7.0%</b>	<b>6.0%</b>
IOH: Iron Valley	58.3%	5.40%	3.30%	0.17%	6.9%	7.0%
API: WPIO	58.0%	5.11%	3.38%	0.08%	8.0%	-
FMG: Blend Fines	57.9%	5.26%	3.34%	0.13%	7.4%	7.0%
BHP: Yandi fines	57.7%	5.40%	1.45%	0.04%	10.0%	8.3%
FMG: CID fines	57.5%	6.60%	2.60%	0.07%	-	9.0%
BC Iron NJV	57.3%	2.90%	1.80%	0.01%	11.9%	-
IOH: Buckland Hills	57.2%	7.00%	2.40%	0.15%	8.1%	9.0%
RIO: Robe lump	57.0%	4.50%	2.60%	0.05%	6.5%	6.0%
FMG: Super Special f	57.0%	5.50%	2.30%	0.05%	6.4%	9.5%
RIO: Robe fines	57.0%	4.50%	2.70%	0.05%	9.2%	7.0%
AGO	56.1%	6.80%	2.90%	0.06%	8.9%	6.5%



# The Alliance Agreement facilitates for Flinders to pay all operating costs associated with the infrastructure and an Infrastructure Access Tariff to the BBJV

Balla Balla Port Capex Estimate (Stage 1):		Estimated Operating Costs (25Mtpa):
<i>Total Port &amp; Port Stockyard Capital:</i>	A\$ 678M	Total C1: ~A\$5.00/t
Balla Balla Railway Capex Estimate (Stage 1):		Estimated Operating Costs
<i>Direct Costs:</i>		
<i>Below Rail Infrastructure (160km)</i>	A\$ 670M	
<i>Above Rail Infrastructure</i>	A\$ 280M	
<i>Rail Subtotal</i>	A\$ 950M	C1: ~A\$1.50/t (Rail)
<i>Stockyard &amp; Conveyor Subtotal</i>	A\$ 215M	C1: ~A\$1.00/t (Stock. & Conv.)
<i>Total Direct:</i>	A\$ 1,165M	
<i>Total Indirect:</i>	A\$ 165M	
<i>Total Railway &amp; Stockyard Capital</i>	A\$ 1,330M	C1: ~A\$2.50/t (Total)

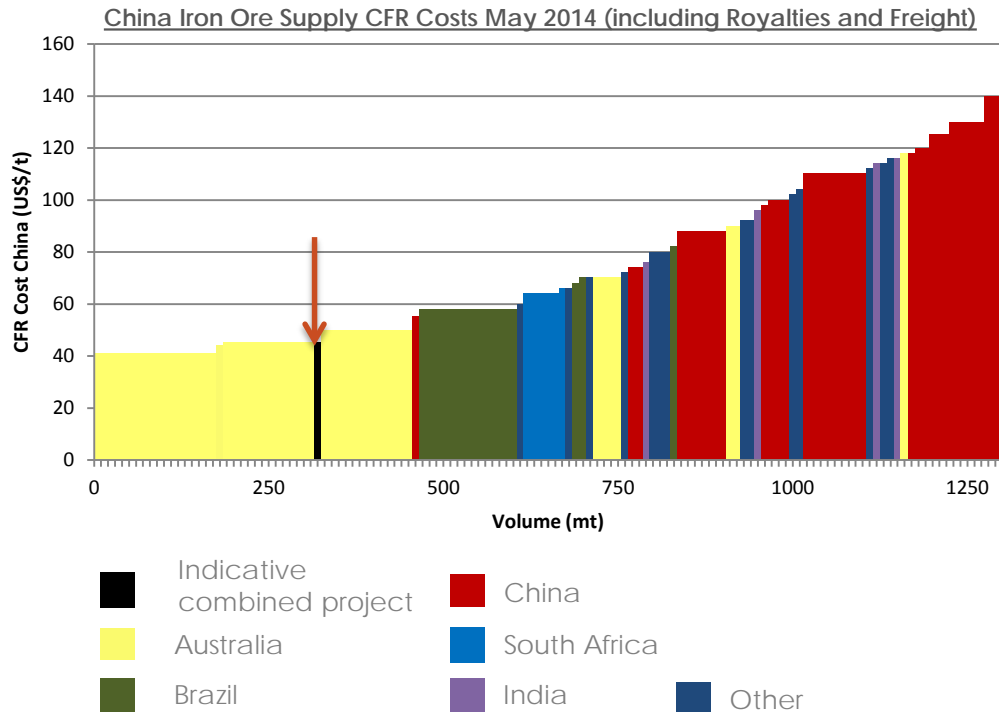
## Total Approximate Tariff Charges

Access charge: A\$20/t <sup>2</sup>  
 Price participation: ~A\$8/t <sup>3</sup>  
**Total Estimated Charge: ~A\$28/t**

<sup>2</sup>\$20/t Access tariff based on A\$25/t Access charge minus foundation customer rebate of A\$5/t,

<sup>3</sup>\$8/t Price Participation Charge base on US\$90 CFR Iron Ore and USD:AUD FX of 1:0.85 (30% revenue above A\$60 iron ore price)

For the purpose of comparison, the combined project has the potential to be within the lowest cost quartile with physical characteristics very similar to Fortescue's Solomon hub mining region



Landed in China

Note, these are estimated costs, FEED studies are underway

# Summary

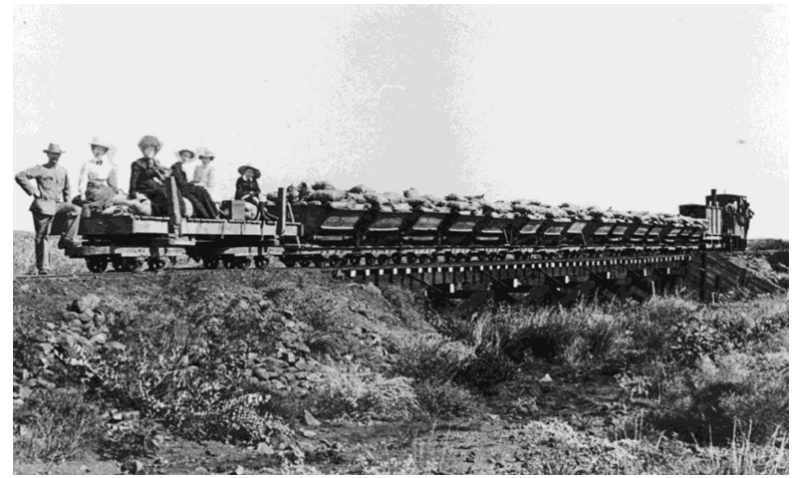
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- ▶ Government support through the acceptance of Rutila to negotiate, on behalf of the BBJV, a State Agreement for the development of a private railway to service potential iron ore mines in the Pilbara and deliver ore through the proposed Balla Balla Port.
- ▶ The infrastructure solution will unlock Flinders' PIOP mine and Balla Balla mine and aims to be the next Mine, Rail and Port development in the Pilbara, delivering new cost effective, capital light solution.
- ▶ The Project has the support of major stakeholder Todd Corporation which is one of New Zealand's most successful companies, founded in 1884, now with a major asset base including oil and gas exploration and production, electricity generation, energy retailing, property development and mineral assets.
- ▶ The low capital intensity of the Port and a short railway and conveyor, combined with projected lowest quartile operating costs, make this a financially robust and compelling project.

*“Next Mine, Rail and Port development in the Pilbara, aiming to deliver a new, cost effective, capital light solution”*



Balla Balla Jetty and the Beagle 1898



Balla Balla Train pulling copper ore in sacks c1901

Courtesy Shire of Roebourne Local History Collection 2005.122



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