



RUTILA
RESOURCES

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RUTILA AND FLINDERS MINES SIGN ALLIANCE AGREEMENT TO EXPORT UP TO 30MTPA OF ORE FROM FLINDERS PROPOSED CENTRAL PILBARA IRON ORE PROJECT UTILISING EXCESS CAPACITY OF THE BALLA BALLA MINE EXPORT FACILITY

HIGHLIGHTS

- ▶ Rutila Resources (ASX: RTA, “Rutila”) and its partner Todd Minerals Limited (“Todd”) through their Balla Balla Joint Venture (“The JV”) have entered into an Alliance Agreement (the “Alliance Agreement”) with Flinders Mines (ASX:FMS “Flinders”) to provide Flinders with a fully integrated transportation and port handling service (“Transportation and Port Handling Service”) of up to 30 million tonnes per annum (“Mtpa”) for its proposed Pilbara Iron Ore Project (“PIOP”).
- ▶ The Alliance Agreement contemplates the use of the proposed Balla Balla Mine Export Facility’s (“Export Facility”) surplus design capacity above the 6-10Mtpa required for development of the Balla Balla mine (“Balla Balla Mine”).
- ▶ Flinders use of the surplus design capacity enables the capital costs of the Export Facility to be shared across a larger export tonnage, significantly reducing unit costs per tonne of ore and increasing the attractiveness of the respective projects
- ▶ The JV will be the exclusive transportation and export service provider to Flinders, subject to Final Investment Decisions (“FID”) being committed prior to December 2015 by both parties on their respective projects and required Government approvals
- ▶ Under the terms of the Alliance Agreement, Flinders will reimburse The JV for all operating costs associated with the Transportation and Port Handling Service for its PIOP ore as well as a net amount of approximately \$20/t of ore handled by the service and 30% of revenue from Flinders iron ore sales above A\$60/t.

ALLIANCE AGREEMENT

Rutila and its Joint Venture Partner Todd are pleased to announce that The JV (Rutila 68%, Todd 32%) has entered into a binding Alliance Agreement with Flinders to provide Flinders' proposed PIOP project with a Transportation and Port Handling Service for up to 30Mtpa.

The Transportation and Port Handling Service for the PIOP will combine a proposed rail transport solution together with the proposed Balla Balla Mine Export Facility surplus design capacity, subject to Government approvals.

The Alliance Agreement outlines the basis upon which the parties will co-operate with a view to achieving the following Projects:

- i. the development of the Balla Balla Export Facility by The JV;
- ii. the development of a proposed rail solution by The JV; and
- iii. the development of the PIOP by Flinders.

Utilisation of the surplus design capacity of the Export Facility by Flinders enables the related capital costs to be shared across a larger export tonnage, significantly reducing unit costs per tonne of ore and increasing the attractiveness of the Balla Balla Mine. The JV shall continue to pursue the development of the Balla Balla Mine independently.

Flinders, as the foundation customer for the Transportation and Port Handling Service, will commit to a minimum of 20Mtpa (Stage 1 Flinders Capacity) with the ability to export up to 30Mtpa should it be made available. Together PIOP and Balla Balla Mine could ultimately account for up to 45 million tonnes of capacity through the Export Facility, generating construction and operational employment; regional development opportunities; and direct and indirect revenue opportunities for the local communities and State and Federal Governments.

The JV and Flinders have agreed to work exclusively together until December 2015 to enter into service agreements that will cover transportation and port handling services. In consideration of entering into these agreements the parties have agreed the following:

- Flinders will pay a direct operating cost recovery fee on each tonne handled by the Transportation and Port Handling Service;
- A\$25/tonne service charge on each Flinders tonne handled by the Transportation and Port Handling Service;
- The JV will pay a A\$5/tonne foundation alliance member rebate for the first 20mtpa commitment with a further rebate (commercial in confidence) applied for ore transported in excess of 20mtpa up to an agreed cap; and
- Flinders will pay to The JV a price participation fee of 30% of revenue from PIOP iron ore sales above A\$60/t on a CFR basis

The JV and Flinders have agreed to work together to achieve the goals set out in the Alliance Agreement through the establishment of an Alliance Committee, which will govern an Operational Working Group and a Finance Working Group. The role of the Operational Working Group is to ensure that there is liaison and cooperation, technical consistency and appropriate timetables for the connection of the Projects. The Finance Working Group will coordinate the development and obtaining of finance and ensuring that the requirements of individual financing and security packages will work together for each project.

Rutila's major shareholder and Joint Venture Partner, Todd, is supportive of the transaction. The parties have agreed to a funding package to assist Rutila in funding its share of costs associated with the finalisation of the DFS for both projects. Details of the funding package are contained in a separate announcement

The formation of the Alliance Agreement is a landmark achievement for both Rutila and The JV.

Quote from Nicholas Curtis Executive Chairman of Rutila:

"The signing of this Alliance Agreement is an innovative solution amongst junior mining companies to unlock efficient export solutions to enable independent development of significant Iron Ore mines in the Pilbara. The innovative solution is a result of committed and positive negotiations with the Ngarluma Aboriginal Corporation and the appropriate State Government authorities. I'm proud that we have achieved this breakthrough in a short time frame and that this will enable job creation and continue the development of the Western Australian mining industry."

Quote from Robert Kennedy Executive Chairman of Flinders:

"This is a historic moment for Flinders and marks the point in time where we can realistically expect to develop our Pilbara Iron Ore Project with a strong path to market. These arrangements break the deadlock that we have faced in having stranded high quality assets without access to rail and port services."

Quote from Jon Young Group Chief Executive Officer of Todd Corporation:

"Todd welcomes the Alliance Agreement as an important step forward in developing much needed Central Pilbara iron ore export infrastructure which has the potential to create significant employment and royalty opportunities."

- END -

For further information please contact Mr. Nicholas Curtis, Executive Chairman, on +61 2 9259 4400.

About Rutila Resources:

Rutila has received approvals from the Minister of the Environment, the local Ngarluma Aboriginal Corporation, and tenure from the Department of Mines and Petroleum, for a new export facility on the Pilbara coastline. The Export Facility is directly alongside the Company's proposed Balla Balla Joint Venture Vanadium – Titanium – Magnetite (VTi Magnetite) project. Rutila anticipates the Export Facility shall have excess capacity and has signed an Alliance Agreement with Flinders Mines for Flinders Pilbara Iron Ore Project to utilise this excess capacity for the export of its export iron. The Balla Balla Joint Venture intends to construct the Export Facility as well as a rail to connect PIOP (subject to Government Approval) with the Export Facility, in return for a commercial return for the infrastructure. In addition Rutila is currently farming-in to an exploration project within the Fraser Range region.

ASX Codes: RTA, RTA	RTA Directors
Issued Capital: Ordinary Shares: 80,577,667 Options (Exp 7/14, Ex \$0.20): 19,855,905 Options (Exp 6/15, Ex \$0.67): 600,000 Options (Exp 12/15, Ex \$0.54): 5,475,000 Options (Exp 9/17, Ex \$0.54): 50,000 Options (Exp 5/14, Ex \$0.50): 6,500,000 Options (Exp 5/15, Ex \$0.50): 1,000,000 Options (Exp 10-12/17, Ex \$0.30): 9,000,000	Mr Nicholas Curtis: Executive Chairman Dr. Matthew James: Executive Director Mr Emmanuel Correia: Non Exec Director Mr Harold Wang: Non Exec Director Mr Michael Wolley: Non Exec Director
Principal Place of Business Level 24, 56 Pitt Street Sydney NSW www.rutilaresources.com.au	Company Secretary Mr Shane Hartwig