



ASX Announcement

24 May 2017

Three Vital Infrastructure Milestones Achieved

- ***MOU for the EPC and financing of power plants and associated infrastructure to develop the magnetite in the Mawson Iron Province including equity investment***
- ***Expressions of Interest for the Operation of unit trains carrying magnetite concentrates from mine to port***
- ***Land Access to sea and offshore port secured***

The Board of Magnetite Mines Limited (MGT) is pleased to announce updates relating to three critical infrastructure aspects of the development of ultra high quality magnetite concentrate production in The Mawson Iron Province of South Australia.

1. Lodestone Equities Limited, on behalf of the South Australian Magnetite Consortium (The Consortium), has signed a memorandum of understanding with Beijing Engineering Corporation Limited (BJEC) (a wholly owned subsidiary of Power China Corporation Limited). BJEC will fund and lead the work on a detailed feasibility level study of the provision of 300 MW or more of electric power capacity for magnetite production operations to be developed in the Mawson Iron Province of South Australia. The core business of BJEC covers project development planning, surveying, investigation and exploration, design, scientific research, consultation, supervision, environmental protection, water resources conservation, monitoring, rock and soil mass treatment, EPC etc. in the field of hydropower, water resources, civil architecture, new energy (such as combined cycle gas turbines, wind power and solar power) and municipal projects. BJEC is also prepared to invest in the equity capital of the envisaged electric power facilities in South Australia.
2. Braemar Infrastructure Pty Ltd on behalf of The Consortium has issued a Request for Expressions of Interest (EOI) in the provision of train operations services on behalf of the Consortium on the Australian Rail Track Corporation (ARTC) track from Olary Siding to a port site in Spencer Gulf. This section of the ARTC track has recently been upgraded to take 25 tonne axle loads thus facilitating 80 tonne per wagon payloads and 12,000 tonne payloads for individual trains.

3. A comprehensive cooperation agreement has been signed between BIPL on behalf of The Consortium and a number of coastal landowners in the Mypone point area giving the company a guaranteed 100 metre wide easement to the sea for slurry and water pipe installations. In addition there is a provision for suitable lay-down areas. The comprehensive plan includes water and power supply and the development of a Panamax size grain port, general-purpose port, boat harbour and marina in addition to the offshore iron ore super port. The water and power supply will allow appropriate land subdivision and intensive horticulture developments.

MGT Executive Chairman, Mr. Gordon Toll said, *“These are significant milestone on the road to development of the enormous potential of the magnetite resources of the Mawson iron Province of South Australia. Additional major steps will follow in the near future. We are particularly pleased to have formed a vital partnership with such a prestigious electric power company as Power China”.*

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