N O R T H   W E S T   I R O N   O R E   A L L I A N C E

PO Box 7505 Cloisters Square WA 6850

SUBMISSION - GOLDSWORTHY

Application for Declaration of a Service provided by the Goldsworthy Railway

National Competition Council

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30 April 2008

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Appendices

EXECUTIVE SUMMARY

This is the NWOIA (North West Iron Ore Alliance) members' submission to the NCC regarding the Pilbara Infrastructure application for declaration of the Goldsworthy Railway. The NWIOA is a group of five iron ore companies operating in the Pilbara region. The members of the NWIOA have a number of iron ore projects which are nearing production stage. Production is estimated to begin in 2008 and combined projected production volumes from sites of NWIOA members is currently about 53.5 million tonnes per annum by 2014.

Access to the Goldsworthy line is essential to companies with sites near the Goldsworthy Railway who would seek to use it as long haul route. Access to this Railway is also essential to companies who have sites close to the Mount Newman line. The 17km section of the Goldsworthy Railway which runs from the Goldsworthy/Mount Newman Railways junction to Finucane Island would provide an important link between the Mount Newman Railway and most of the proposed facilities within the Port. If railway access is not granted, some mine sites would be financially unviable or production at some sites would be severely limited owing to the financial and licence restrictions of trucking iron ore. The road transport option is uneconomical because iron ore is a relatively low value product per unit volume and mass. In addition the current West Australian State Government and Minister for Planning and Infrastructure Alannah MacTiernan have articulated a clear preference for rail over road haulage and it is unclear whether the necessary Government approvals will be forthcoming for huge tonnages of ore by road.

The NWIOA considers that access to an existing railway and an efficient above rail operator is essential to enable many tenements in the Pilbara region to progress through to production stage. This would also have the effect of stimulating the current level of exploration for tenements in the Pilbara generally.

In this submission, the NWIOA has aimed to address specific questions asked by the NCC by providing data supporting the case for declaration including:

- forecast production tonnages for members of the Association;
- location of mine sites and less advanced tenements;
- indicative transport cost estimates for all options including the preferred option incorporating access to the existing railway and an efficient above rail operator. Other costed alternatives include trucking, and building and operating a dedicated railway and rolling stock fleet;
- qualitative impacts of access to the railway being denied and having to truck or build and operate a new dedicated railway. Qualitative impacts include land availability, environmental issues and under utilisation of rail capacity in the booming Pilbara region.

It is our understanding that the Western Australian State Government supports rail freight over road where possible and also favours the increased usage of existing railways preferring upgrades to existing railways over the construction of new railways. `

The NWIOA strongly supports the case for declaration and believes that it is essential for the long term viability of iron ore mining in the Pilbara region and the increased diversity of supply that would occur.

All of the effects of increased competition that would occur as a consequence of open track access or provision of rail haulage to third parties would equally apply to the other applications relating to the Robe and Hamersley lines although this submission relates to the Goldsworthy line.

1. INTRODUCTION

This submission is provided by the North West Iron Ore Alliance (NWIOA) in response to a call for submissions by the National Competition Council (NCC) on the application by The Pilbara Infrastructure Pty Ltd (TPI) for declaration of a service provided by the Goldsworthy Railway (from a location near Yarrie, at the east end of the line to a location near Finucane Island within the port of Port Hedland at the western end). The Goldsworthy Railway service provider is the Mount Goldsworthy Joint Venture Participants and the railway operator is BHP Billiton Iron Ore Pty Ltd.

The North West Iron Ore Alliance was formed in 2007 to represent the interests of a group of dynamic iron ore companies operating in the world-class Pilbara region of Western Australia. The Alliance's core objective is to work with communities in the region, government, infrastructure providers, existing producers and other stakeholders to promote the development of a vibrant junior iron ore industry. The NWIOA is currently comprised of 5 members including:

- Atlas Iron;
- BC Iron;
- Brockman Resources;
- FerrAus; and
- Iron Ore Holdings.

Please refer to Appendix A for further information on the NWIOA and its members.

Members of the NWIOA have various development and exploration projects in the vicinity of both the Goldsworthy and Mount Newman railway lines (as well as the Hamersley and Robe lines). Access to this existing railway is required to make these projects financially and operationally viable. Although the Goldsworthy Railway is the specific subject of this submission, potential users of the Mt Newman railway line have also been included in this submission. The inclusion of the potential users of the Mt Newman railway line is justified because they will also require access to a section of the Goldsworthy railway line. Access to the Goldsworthy railway line, which runs from the junction with the Mount Newman railway line to port facilities at Finucane Island in Port Hedland, is required by these potential users to transport iron ore in to Port Hedland for export.

It is understood that there are a number of declaration criteria, that must be met in order to achieve access under the Trade Practices Act. In this submission, the NWOIA has focussed on some of the more significant requirements for achieving access under the Trade Practices Act which are outlined below.

- Access (or increased access) to the service would promote competition in at least one market (whether or not in Australia), other than the market for the service. In this application for declaration, these markets include the markets for rail haulage services and iron ore tenements.

- It would be uneconomical for anyone to develop another facility to provide the service.

- The Council must also consider whether it would be economical for anyone to develop another facility that could provide part of the service.

Following earlier discussions between the NWIOA and the NCC, the NCC has put forward a number of questions which it has indicated would be relevant to their consideration of the application for declaration. The NWOIA has used these questions as a framework for response in this submission.

Any queries on this submission by the NWIOA should be directed to:

Ms Megan Anwyl
Chair North West Iron Ore Alliance.
Email: manwyl@westnet.com.au

2. ISSUES AND QUESTIONS RELEVANT TO THE COUNCIL'S CONSIDERATION

Following earlier discussions between the NWIOA and the NCC, the NCC has put forward a number of questions which it has indicated would be relevant to their consideration of the application for declaration. The NWOIA has used these questions as a framework for response in this submission. The following questions have been put forward by the NCC. The NWIOA has addressed each question individually and where possible has provided supporting information. The Alliance has also utilised transport cost modelling to evaluate the costs of possible transport options. A summary of these indicative costing figures has been provided where relevant.

2.1. Which of the railways would NWIOA members be likely to use, either if another party (such as the applicant, The Pilbara Infrastructure Ltd) were to provide a rail haulage service or a member company was to run a train for itself?

The Goldsworthy Railway which the TPI is seeking to have declared traverses East-West and runs from a location near Yarrie at the east end and to a location near Finucane Island within the port of Port Hedland at the west end. The declaration of the Goldsworthy Railway is important to the members of the NWIOA in two ways as outlined below.

- For those mining companies located near the Goldsworthy Railway it is as a long haul transport route for iron ore from mine to the port of Port Hedland. Mines located near the Goldsworthy Railway include Atlas Iron's Pardoo mine which is located approximately 75 kilometres east of Finucane Island in Port Hedland. Please refer to Appendix D for a summary of the expected production output from mines in the vicinity.

- For mining companies with mining operations close to the Mount Newman Railway, access to the section of the Goldsworthy Railway which begins west of the Mount Newman Railway (approximately 17km of railway line) and ends at Finucane Island in the port of Port Hedland would connect the Mount Newman Railway and the port of Port Hedland providing a railway route between mine and port. All five members of the NWIOA have viable mining sites close to the Mount Newman Railway. The expected production figures for the mines owned by these companies are shown in Appendix E.

The location of the relevant sites is shown in the diagram in Appendix B.

2.2. How much use might the NWIOA members make of each of the railways if access were available? For example, what tenement(s) do NWIOA members hold in the vicinity of the railway?

A map of tenements in the vicinity of the Goldsworthy and Mount Newman Railways is shown in Appendix F. As previously stated tenements close to the Mount Newman Railway also require access to the Goldsworthy Railway to have a contiguous route to the Port of Port Hedland.

Goldsworthy Railway vicinity

Atlas Iron's Pardoo mine would utilise 75 kilometres of the total 210 kilometres of the Goldsworthy Line transporting 3 million tonnes of iron ore per annum over the next 10 years. In addition to this, the Ridley magnetite project nearby (Atlas Iron) would access the railway providing another 10 million tonnes per annum from 2014. Assuming access was available on the Mount Newman Line, the combined future operations of the NWIOA members would transport over 50 million tonnes of iron ore per annum over 17 kilometres of the Goldsworthy Line between the Mount Newman and Goldsworthy junction and the port.

The currently most significant tenement held by a NWIOA member which would benefit from access to the Goldsworthy Line is Pardoo (owned by Atlas Iron). Pardoo is approximately 75km east of Port Hedland and development on this project is advanced with production of 1 million tonnes per annum forecast for 2009. Production of magnetite from Ridley is likely to begin in 2013 with an initial 5 million tonnes, growing to 10 million tonnes per annum shortly after.

It is noted that Consolidated Minerals' Woody Woody mine (which is approximately 400km south-east of Port Hedland) produces manganese ore which is currently trucked to Port Hedland is also located in the vicinity of the Goldsworthy line.

Some other less developed tenements (prospective/exploration stage) that are located along the Goldsworthy Line are listed in Table 2.1.

Site (Company Name)	Location	Product
Hedland Project (Atlas Iron)	The project is located adjacent to Pardoo which is 75km east of Port Hedland.	Iron Ore
Shay Gap (Jupiter Mines)	180km east of Port Hedland	Iron Ore
Poondano Project (Polaris Metals)	30km south-east of Port Hedland	Iron Ore
Goldsworthy JV Project (Polaris Metals)	100km east of Port Hedland	Iron Ore and Gold
De Grey Project (Polaris Metals)	North-east of Poondano project which is 30km south-east of Port Hedland	Iron Ore

Table 2.1 Tenements close to the Goldsworthy Railway

Mount Newman Railway vicinity

Those tenement mines sites close to the Mount Newman Railway that are sufficiently developed such that production is forecast to begin in 2009/2010 are shown in Table 2.2.

Site (Company Name)	Location	Product
Abydos (Atlas Iron)	130km south of Port Hedland	Iron Ore
Nullagine Project - Bonnie Creek CID (BC Iron)	Immediately north of Fortescue Metals Group Chichester Project	Iron Ore
Marillana (Brockman Resources)	100km north-west of Newman	Iron Ore
Phil's Creek (Iron Ore Holdings)	Close to the iron ore operations and infrastructure of BHPB and Rio Tinto at Yandicoogina in the Pilbara.	Iron Ore
Robertson Range & Davidson Creek (FerrAus)	40 km east of Newman.	Iron Ore

Table 2.2 Tenements close to Mount Newman Railway

In addition to these sites, other less developed tenements (prospective/exploration stage) that are located along the Mount Newman Railway Line are listed in Table 2.3 below.

Site (Company Name)	Location	Product
Turner River Project (Atlas Iron)	50km south of Port Hedland	Iron Ore
Farrel Well Project (Atlas Iron)	100km south-east of Port Hedland	Iron Ore
White Springs, Western Shaw and Hillside (Atlas Iron)	Between 150 to 210 kilometres south and south-southeast of Port Hedland in the southern part of the Eastern Pilbara Craton.	Iron Ore
Opthalmia (Brockman Resources)	Approximately 20km north of Newman	Iron Ore
Nullagine Project – Nullagine River CID (BC Iron)	Immediately north of Fortescue Metals Group Chichester Project	Iron Ore
Nullagine Project – Shaw River CID (BC Iron)	Immediately north of Fortescue Metals Group Chichester Project	Iron Ore
Murramunda (FerrAus)	Between FerrAus' Robertson Range and Davidson Creek licences.	Iron Ore
Marra Mamba and Brockman Iron Formations (Australian Premium Iron JV)	The East Pilbara projects are located between Paraburdoo, Tom Price and Newman areas.	Iron Ore
North Marillana (Iron Ore Holdings)	Just north-east of the BHP Yandicoogina mine.	Iron Ore
Lamb Creek (Iron Ore Holdings)	10km south west of the BHP Yandi mine.	Iron Ore
South Marillana (Iron Ore Holdings)	5km north of the Rio Tinto Yandicoogina mine.	Iron Ore
Koodaideri South (Iron Ore Holdings)	100km north-west of Newman	Iron Ore
Yandicoogina Creek (Iron Ore Holdings)	5km south of the Rio Tinto Yandicoogina mine.	Iron Ore

Table 2.3 Less Developed Tenements close to Mount Newman Railway

2.3. What annual tonnages would NWIOA members be likely to produce and transport on the railway (either using a haulage service or its own trains) and over what time periods?

Table 2.4 below provides the projected annual tonnes over the next twelve years by the five individual members of the NWIOA. Further information detailing tonnages by mine location can be viewed in Appendices D & E.

Year	Company (Mtpa)					Total
	Brockman Resources	Atlas Iron[1]	BC Iron	FerrAus	Iron Ore Holdings	
2009	1	1	0	1	0	**3**
2010	2	6	2	2	1.5	**13.5**
2011	8	9	3	4	1.5	**25.5**
2012	10	12	3	6	1.5	**32.5**
2013	10	17	5	6	1.5	**39.5**
2014	15	22	5	8	1.5	**51.5**
2015	15	22	5	10	1.5	**53.5**
2016	15	22	5	10	1.5	**53.5**
2017	15	22	5	10	1.5	**53.5**
2018	15	22	5	10	1.5	**53.5**
2019	15	22	5	10	1.5	**53.5**
2020	15	22	5	10	1.5	**53.5**

Table 2.4 NWIOA annual tonnes for next twelve years

2.4. Which port facilities would NWIOA members seek to use to export the iron ore transported on the railway?

The NWIOA is currently negotiating with the Port Hedland Port Authority to secure unloading and storage capacity and developing proposals for the port component of the NWIOA members' projects. There are a number of potential solutions that may be available to NWIOA member companies for the unloading and storage of iron ore prior to shipping. Depending upon the final location and capacity of this infrastructure, there are a number of possible locations and facilities that may be considered for export of iron ore by the NWIOA. These include:

- The TPI port facilities within the port at Anderson Point;
- Mount Goldsworthy JV Finucane Island port facilities;
- Mount Newman JV port facilities at Nelson Point;
- The recently approved common user berth at Utah point on Finucane Island;
- Potential port facilities at Harriet Point;
- Potential port facilities at South West Creek;
- Potential port facilities at Stanley Point;

[1] Includes magnetite from the Ridley project (Atlas Iron)

Considering the location of all of the above port facilities except Nelson Point, third party access to the section of the Goldsworthy Railway west of the Mount Newman Railway would be essential as part of an overall route from each of the prospective NWIOA mines. The Goldsworthy Railway west of the Mount Newman Railway incorporates approximately 17km of railway line. A map of Port Hedland is attached in Appendix C. All the NWOIA projects located along the Mount Newman line require contiguous rail access to the Port of Port Hedland (see Appendix E).

If railway access to this line is not granted, all or most projects would be rendered unviable. All NWOIA projects located along the Mount Newman line can only be viable if there is contiguous rail access to the port of Port Hedland. The transport of iron ore via road transport is not financially and environmentally viable over the long term.

The option of building another railway line to duplicate this section of the Goldsworthy line is not feasible because of the costs involved. More significantly, there are qualitative restrictions on facilities construction and operations within the port. These constraints include the lack of availability of land and the social and environmental issues that would be created by the construction and operation of a completely new railway line. Environmental issues that are likely to arise included impacts on coastal habitat values, waste management, soil and groundwater, dust, noise and light emissions.

Future capacity constraints

It should be noted that the NWOIA has not completed any capacity modelling on sections of the Goldsworthy Railway and it is therefore not aware of any capacity constraints on this section of line. It is, however, noted that currently BHPB is utilising a fraction of the line's capacity. That said, even if capacity constraints existed on the line, NWIOA considers that it would still be more effective to upgrade the railway line than to build a completely new line, if indeed the construction of a new railway would even be a feasible option.

The NWOIA supports the view of the WA state government which is stated in a submission to the NCC by The Department of Treasury and Finance on behalf of the WA government - "Response to Preliminary Issues Paper: Fortescue Metals Group declaration application threshold issue October 2004". It states that,

"*Independent advice to the State Government indicates that the addition of new single track railways is not as cost effective as double tracking the existing rail systems. The increase in capacity as a result of an additional single line is nowhere near as large as could be achieved from double tracking, due to the logistic advantages of up and down lines in an integrated dual track operation.*

The addition of a third and even of a fourth single track could still see the rail system starting to constrain iron ore exports by as early as 2015 on current market forecasts. Double tracking has, however, the potential to provide a quantum leap in capacity which could meet all foreseeable market demand.

The most efficient way for the Pilbara rail system to be expanded to meet increased levels of demand is to increase capacity on the existing Pilbara rail lines (ultimately leading to double tracking) with short spur lines to new mines. This is also likely to be the best outcome from an environmental and social perspective.

The involvement of the existing producers is essential to achieving long term efficient use of iron ore railways in the Pilbara. New players will only benefit from this expansion if they can get access to existing and future railways on a reasonable commercial basis."

2.5. If access were not available, what other transport options would NWIOA members use? How does the cost of transporting iron ore by rail relate to the cost of these other options?

In general, access to an existing railway line would provide a range of mining companies with the most efficient method of transporting their product from mine to port for shipping. These mining companies would extract all types of minerals. Railway access is, however, significantly more crucial to iron ore mining companies which need to transport high volumes of heavy iron ore. Some other transport options are uneconomical or not feasible because iron ore is a relatively low value product per unit volume and mass. For these companies, transport by rail is not only the most efficient mode of transport but the only feasible mode of transport. Transport of iron ore by truck is only feasible where distances from site to port are short and product volumes low. The result of these considerations is that lack of access to an existing railway is often the deciding factor which prevents an iron ore project from going ahead.

As is the case in other states of Australia, the WA state government's stance on heavy haulage is to encourage a modal shift from road to rail. In WA, the Minister for Planning and Infrastructure has exercised its discretionary powers under the Transport Coordination Act to issue licences requiring all heavy haulage operations within 100km of an operating rail line in the Mid West to be licensed. The Minister will issue permits to mining companies to bulk haul iron ore by road but these are subject to limited timeframes considered a sufficient period for the tasks to be shifted to rail.[2]

It is the WA government's view that the road haulage of iron ore results in increased maintenance costs and increases the safety risk for other road users and that if there is rail infrastructure available, it is appropriate for that mode of transport to be encouraged and seriously considered by the proponents.[3]

Given that the NWOIA members are iron ore mining companies, the NWOIA has a strong interest gaining access to rail.

Indicative Costs

A model was developed to estimate the costs related to different modes of transport for transporting iron ore from a mining operation which is approximately 75 kilometres away from Port Hedland. The study also compared the costs to a mine 150 kilometres away from Port Hedland. The outcomes of the study are:

- It was determined that the indicative rates for transporting iron ore by road with road trains would be $9.75 per net tonne for a mine 75 kms from the Port and $19.50 per net tonne for a mine 150 kilometres away from the Port.
- The model also estimated the cost for transporting iron ore via a dedicated train fleet running on a dedicated railway line built and operated exclusively for the particular mine. The indicative rates (including above and below rail costs and shared port facilities[4]) for a mining operation 75 kms from the Port would be $19.01 per net tonne. The comparative indicative rate for a mine 150 kilometres away from the Port would be $37.76 per net tonne.
- The cost to transport iron ore on the existing Goldsworthy Railway by an efficient above rail operator were also estimated. The indicative rates for a mine 75 kms from the port (including below and above rail and shared port facilities) is $3.41 per net tonne. The same figure for a mine 150 kilometres away is $6.56 per net tonne.

These figures are summarised in the table 2.5 below.

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[2] Ref: Government of Western Australia "Comment on Discussion Draft Productivity Commission Inquiry into Road and Rail Freight Pricing Infrastructure Pricing" December 2006.

[3] Ref: Question on Notice 3364 asked in the Legislative Council on 23 March 2006 by Hon Murray Criddle. Response to question by Hon A. Mactiernan.

[4] Shared port facilities only includes rotary car dumper and siding

Distance to Mine (kms)	Options	Below Rail Access Charges ($ per net tonne)	Above Rail Haulage Charges ($ per net tonne)	Shared Port Facilities	Total Charges ($ per net tonne)
75	Access to existing Railway & above rail Services	$2.25	$0.90	$0.26	$3.41
	Build own Railway & operate own Trains	$15.00	$3.75	$0.26	$19.01
	Trucking				$9.75
150	Access to existing Railway & above rail Services	$4.50	$1.80	$0.26	$6.56
	Build own Railway & operate own Trains	$30.00	$7.50	$0.26	$37.76
	Trucking				$19.50

Table 2.5 Summary of Indicative Costs of Alternative Transport Options

It can be seen that from a purely financial aspect, an individual company building a new track and operating its own trains is not feasible. Basing road transport costs on above rail rates, the figures indicate that trucking seems to be marginal on short haul distances but is uneconomical on longer distances. It is clear that the only cost efficient method for transporting bulk commodities such as iron ore is by gaining access to an existing railway and using an efficient above rail operator.

2.6. What level of cost might NWIOA members avoid if access were available and how does this relate to their overall development expenditures? In particular, how might the cost of access and using one of the existing railways compare to the capital and operating cost of building a dedicated railway?

To answer this question, the model has been used to calculate the Net Present Values (NPVs) for two cases to compare the sum of the discounted future cash outflows.

- For the first case of a company or consortium building and operating a dedicated railway the model has been used to estimate both capital and operating costs. Capital costs cover planning, design and construction costs for track and rolling stock acquisition costs. All costs have been indexed for inflation and operating costs are based on the rates calculated in section 2.5 above and on the Atlas Iron's Pardoo mine, which is situated 75 km from Port Hedland. The modelling has been conducted over a 10 year period, which reflects the average life expectancy of Atlas Iron's Pardoo mine. The resulting NPV of the capital outflows to cover the constructing and operating a dedicated railway is $371.5 million.

- For the second case of establishing the cost of access and of using one of the existing railways, the model has been used to estimate the annual cost to a company which has access to the existing rail and an above operator. The modelling has been conducted over a 10 year period, which reflects the average life expectancy of Atlas Iron's Pardoo mine. The NPV of the cash outflow to cover annual access cost is $67.2 million. Access costs have been indexed for inflation.

The very significant difference between the cost of access and using one of the existing railways compared to the capital and operating cost of building a dedicated railway is partly due to the life expectancy of the Atlas Iron's Pardoo used in this example. I summary, the life expectancy of the mine renders the alternative of building a dedicated railway financially unviable.

Regarding the query of how this relates to the overall development expenditure of a mining project, the indicative development expenditure for Atlas Iron's Pardoo mine totals approximately $25 million. In this case the costs that could be avoided if access was available are in excess of twelve times the cost of developing the project.

2.7. What effect might access have on NWIOA member's iron ore export volumes and the time it will take to reach those levels?

Based on the transport costs discussed in sections 2.5 and 2.6 of this report it is evident that building a new dedicated railway is not feasible. If access to the existing railway is not allowed the only economically viable alternative is road transport (trucking). The average distance the majority of the NWIOA members will have to truck is 350 kilometres. It is estimated that in order to move 1.0 million tonnes per annum over these distances will require approximately 14 to 18 road train trucks if operated on a 24 hour, seven day basis. Derived from the above it is estimated that NWIOA members will be limited to truck 1.0 to 3.0 million tonnes per annum depending on the mine's distance from the port.

The NWIOA members with mines close to Port Hedland will be able to truck iron ore to the maximum capacity of 3.0 million tonnes per year depending on the availability of permits. For the other members of the NWIOA with mines much further away it is estimated the maximum annual capacity to truck iron ore will be between 1.0 to 2.0 million tonnes per annum also dependent on the availability of permits. This restriction places a cap on the annual tonnages that can be produced. Based on this assumption, the NWIOA combined would only be able to export a maximum of 13.5 million tonnes per year instead of the projected 53.5 million tonnes per annum by 2014. This would result in a net loss of 40 million tonnes per annum or an estimated A$3.4 billion of revenue between the members of the NWIOA. It is also a loss in royalties to the value of $191 million per annum.

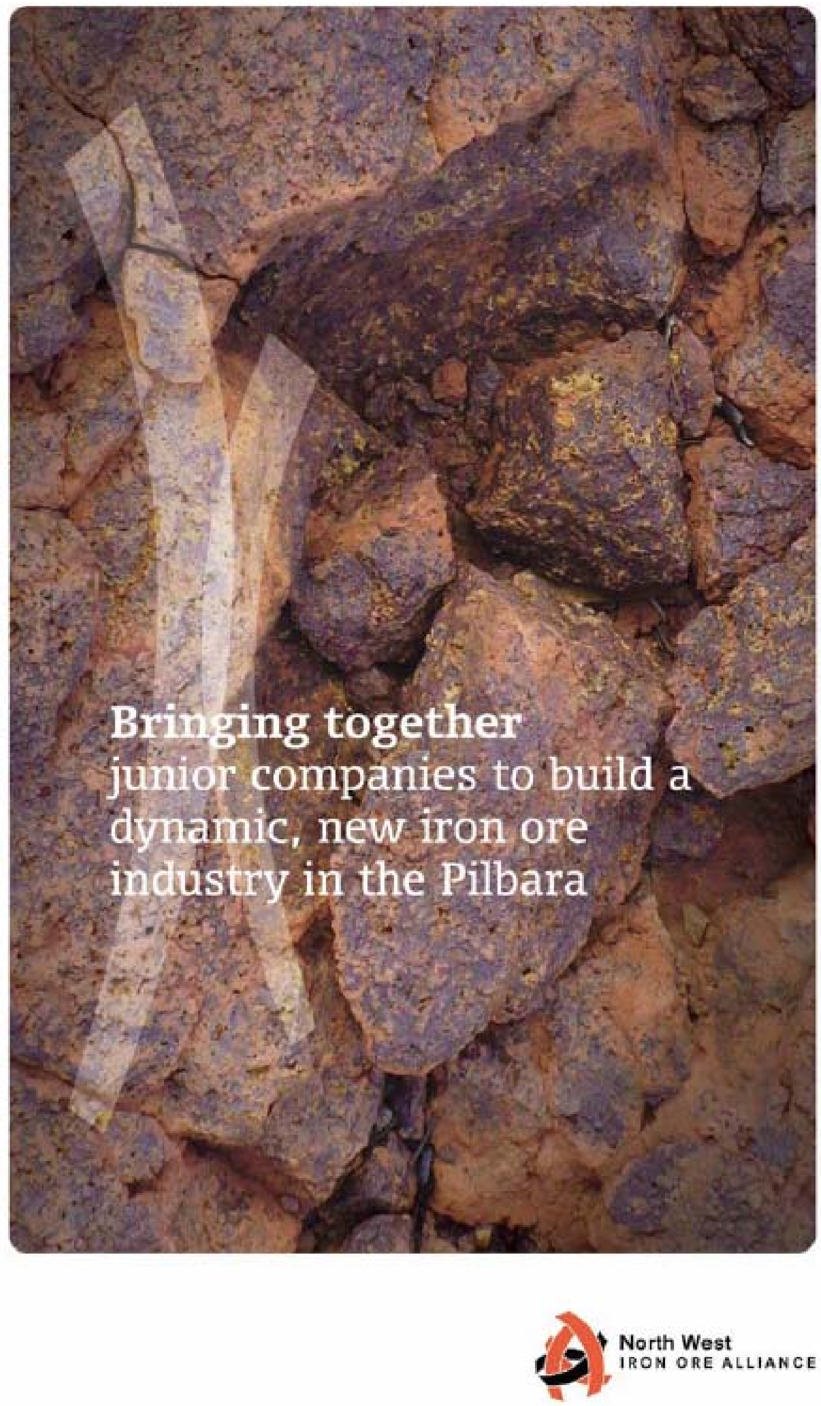
2.8. What effect would you expect access to have on the level of tenement development and further exploration NWIOA members might undertake in the future? Would you expect that tenements that are not currently being developed would become economic to develop and if so to what extend is this likely to occur?

As discussed in section 2.7, the NWIOA tonnage projections are to reach 53.5 million tonnes in 2014. If this were to be scaled down to 13.5 million or less it would result in a utilisation of only 25 per cent of the existing production capacity. With this reduction in production capacity the existing resources would be depleted at a reduced rate (resources could last almost four times longer). This reduces any incentive for further exploration and development of all other prospective tenements.

If sufficient revenue is generated through exporting enough iron ore this will generate income that can be directed towards the development of new tenements for the long-term sustainability of the individual mining companies.

APPENDIX A

BACKGROUND INFORMATION ON MEMBERS OF THE NWIOA


Bringing together
junior companies to build a
dynamic, new iron ore
industry in the Pilbara
North West
IRON ORE ALLIANCE

North West IRON ORE ALLIANCE

"Collectively, these companies have the potential to develop long-term iron ore production and export businesses capable of delivering up to 50 million tonnes of iron ore per annum by 2014...generating more than A$165 million per annum in royalties and significant new employment, growth and economic opportunities..."

About the North West Iron Ore Alliance

The North West Iron Ore Alliance (NWIOA) was formed in 2007, bringing together a group of emerging iron ore companies with a shared interest in promoting the development of a vibrant and successful new iron ore mining and export industry in the world-class Pilbara region of Western Australia.

The members of the NWIOA are:

- Atlas Iron Limited
- BC Iron Limited
- Brockman Resources Limited
- FerrAus Limited
- Iron Ore Holdings Limited

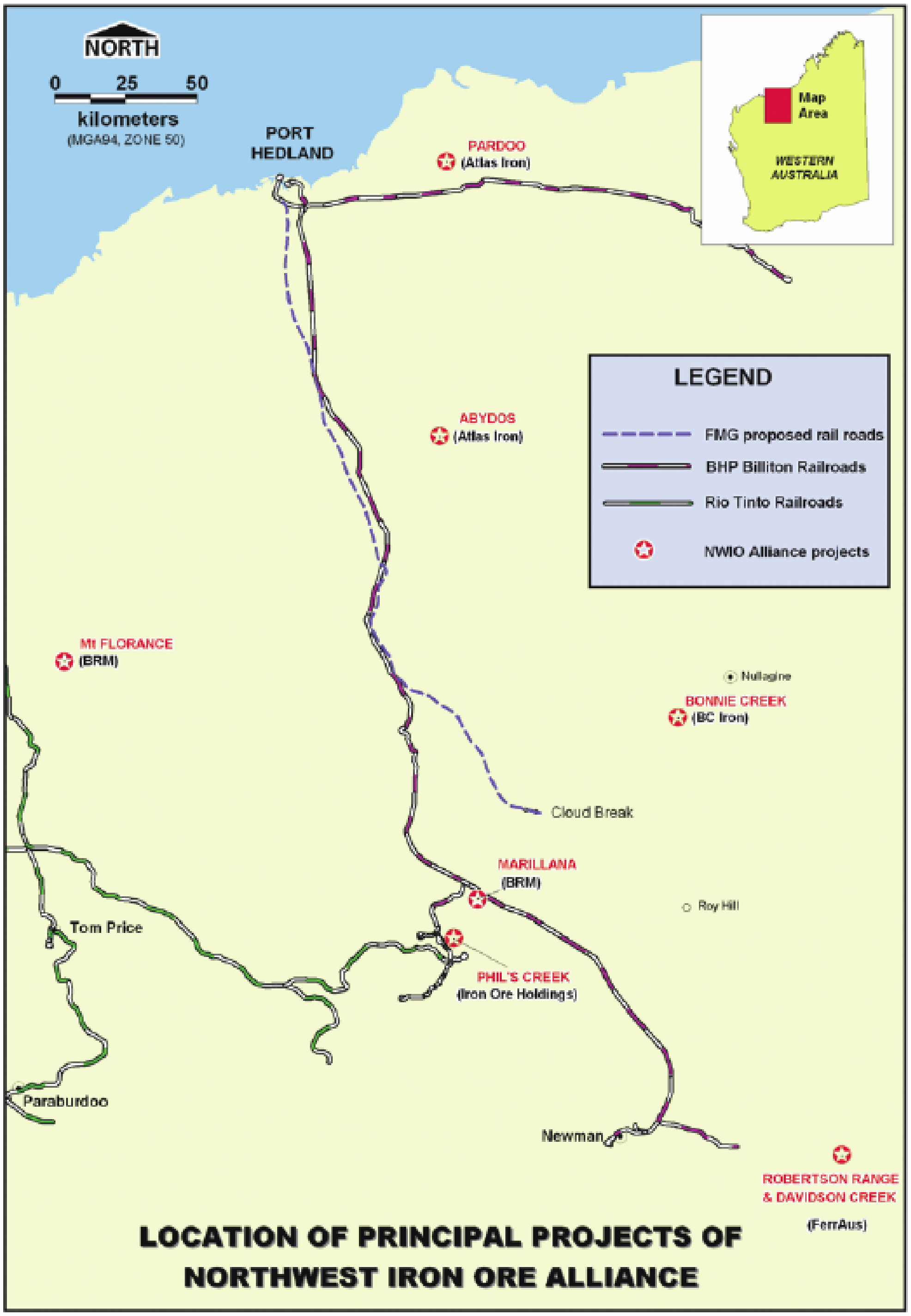
Collectively, these companies have the potential to develop long-term iron ore production and export businesses capable of delivering up to 50 million tonnes of iron ore per annum by 2014. Alliance members have delineated combined high-grade hematite, Channel Iron Deposit and detrital resources totalling approximately 1.6 billion tonnes and magnetite resources totalling some 1.5 billion tonnes.

The Alliance companies are majority owned by Australian shareholders, and have already made a substantial contribution to the Pilbara regional economy, having raised almost A$160 million in capital since 2004 to underpin aggressive iron ore exploration, evaluation and feasibility programs.

Between them, the five Alliance members already employ approximately 200 people, both directly and indirectly, and this figure is expected to increase rapidly in the months ahead as they progress from Scoping Studies through Feasibility Studies to production. First iron ore production from a North West Iron Ore Alliance company is scheduled to commence in October 2008.

The Alliance members have agreed to work together to enhance and accelerate the development of a brand new junior iron ore sector to take advantage of the current strong growth cycle in the global iron ore industry. Key areas of focus for the Alliance include infrastructure access, economic and social development, statutory approvals, stakeholder relations and building strong partnerships with communities in the Pilbara.

By working together, North West Iron Ore Alliance members have the potential to generate significant employment and business opportunities in the Pilbara and Perth, while increasing the diversity, depth and sustainability of the multi-billion dollar iron ore sector.


NORTH
0 25 50
kilometers
(MGA94, ZONE 50)
PORT HEDLAND
PARDOO
(Atlas Iron)
Map Area
WESTERN AUSTRALIA
LEGEND
FMG proposed rail roads
BHP Billiton Railroads
Rio Tinto Railroads
NWIO Alliance projects
ABYDOS
(Atlas Iron)
Mt FLORANCE
(BRM)
Nullagine
BONNIE CREEK
(BC Iron)
Cloud Break
MARILLANA
(BRM)
Roy Hill
Tom Price
PHIL'S CREEK
(Iron Ore Holdings)
Paraburdoo
Newman
ROBERTSON RANGE
& DAVIDSON CREEK
(FerrAus)
LOCATION OF PRINCIPAL PROJECTS OF
NORTHWEST IRON ORE ALLIANCE

A New Iron Ore Generation in the Pilbara

The North West Iron Ore Alliance companies are set to make a significant and dynamic contribution to the Pilbara iron ore industry, which has played a vital role in the region's development since the 1960s and accounts for over 95% of Australia's iron ore exports.

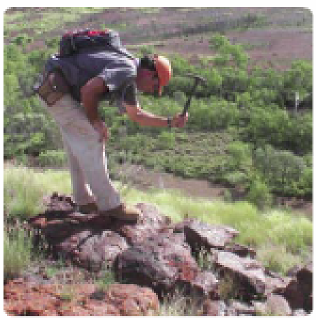
Current development and production plans could see the five existing NWIOA members produce up to 50 million tonnes per annum of iron ore by 2014 – a level of production that would generate more than A$165 million in royalties annually and significant new employment, growth and economic opportunities.

This level of production is equivalent to approximately 15% of Australia's forecast iron ore production of 322 million tonnes in 2007/08 and collectively would rank alongside some of the more significant recent and new iron ore developments currently planned in Australia.

These include BHP Billiton's Rapid Growth 3 Project, Rio Tinto's Hamersley expansion, Fortesecue Metal Group's Chichester Project and several new projects planned for the Mid West region of Western Australia.

The growth of the Chinese economy over the past decade and the surging demand from its steel industry for additional supplies of high-quality iron ore has fuelled increased investment in exploration for new iron ore deposits in the Pilbara region, both amongst the majors and a group of dynamic junior iron ore companies.

The Alliance's Objectives



The key objective of the North West Iron Ore Alliance is to bring junior companies together to fast-track and streamline the development of a successful and dynamic new iron ore industry in the Pilbara region of Western Australia.

Our key initial focal points are:

- To secure commitment from the Western Australian State Government for a new junior iron ore industry within the Pilbara region
- To advocate for public policy settings that:
  - Consider the needs of junior iron companies in regards to the planned expansion of social and economic infrastructure at Port Hedland
  - Consider the needs of junior iron ore companies when determining access to rail and other transport infrastructure
  - Assist Federal and State Governments to provide sustainable social and economic infrastructure for the Pilbara that will mean true regional development
  - Provide diversity to the State's iron ore industry.
- To help find new solutions to approvals issues
- To be employers of choice in the iron ore industry
- To simplify and enhance the way our member companies contribute to education and employment opportunities for our workers and their families
- To foster partnerships and training and employment opportunities with indigenous Australians.

Our Members

Atlas Iron Limited
www.atlasiron.com.au

Atlas Iron (ASX: AGO) has one of the largest land holdings in the Pilbara region covering over 600km². The Company is preparing to commence production of direct shipping grade iron ore (DSO) resources from Pardoo Project, 75km from the public access port at Port Hedland, in the second half of 2008. Targeting production of 1 million tonnes per annum in its first year of operation, Atlas is forecasting its production at Pardoo will grow to 3 million tonnes per annum by 2010 with further substantial growth expected on the basis of its aggressive ongoing exploration effort. Atlas has recently upgraded its exploration target to 120-180 million tonnes.

BC Iron Limited
www.bciron.com.au

BC Iron (ASX: BCI) is focused on the exploration and development of channel iron deposits within its Nullagine Project in the Pilbara. A major exploration program commenced in April 2007 over the Bonnie Creek and Nullagine River CIDs, and, in March 2008, BC Iron announced a Channel Iron Deposit resource of 47.2Mt at 53.6% Fe (61.5% CaFe) at Nullagine, including a high-grade DSO resource of 28.0Mt grading 57.4% Fe (65.1% CaFe). The Company is conducting a Scoping Study on an initial 3Mtpa DSO operation at the Bonnie Creek CID Project.

Brockman Resources
www.brockmanresources.com.au

Brockman Resources Limited (formerly Yilgarn Mining Limited) is focused on the exploration and development of its 100%-owned Marillana Project, located 100km north of Newman in the Pilbara, where the total Mineral Resource now exceeds 1.1 billion tonnes of iron ore, and the Company is aggressively targeting iron ore production by 2009. Brockman has recently completed a Scoping Study on a proposed 10Mtpa iron ore project and is conducting a Feasibility Study based on its expanded resource base which is due for completion in early 2009.

FerrAus Limited
www.ferraus.com

FerrAus is an emerging developer of iron ore and other ferrous raw materials. Its wholly owned, strategic foothold in the under-explored, highly prospective new iron ore sub-province in the East Pilbara region encompasses over 560km² with a potential strike length of 30-40km. The priority project is Robertson Range where continuous drilling and evaluation campaigns since late 2005 have yielded a significant resource with the expectation of continued expansion as a result of further planned drilling programmes.

Iron Ore Holdings Limited
www.ironoreholdings.com

Iron Ore Holdings Ltd (ASX: IOH) was established in December 2003 and successfully listed on the ASX in May 2005. The Company's strategy is to prove up and mine commercial quantities of Direct Shipping Ore (DSO) on its tenements, adjacent to BHP Billiton's and Hamersley Iron's Yandi and Yandicoogina mines in the Pilbara region. Exploration to date has been very successful with the identification of an additional 16 new exposed channel iron deposits.

North West IRON ORE ALLIANCE

Representatives of the North West Iron Ore Alliance

Megan Anwyl

Chair – North West Iron Ore Alliance

Megan Anwyl was appointed Chair of the North West Iron Ore Alliance in December 2007. She is the former Member for Kalgoorlie (1996-2001) and was a Shadow Minister on Geoff Gallop's front bench, giving her a unique insight and special expertise in the political and bureaucratic processes of the Western Australian Government. After leaving Parliament, Megan was appointed as Director of lobbying firm, Hawker Britton, where she acted as a government relations consultant focusing particularly on major infrastructure projects.

For ten years before entering Parliament, Megan practised as a lawyer and maintains strong links to the justice, indigenous and community sectors. She holds a Bachelor of Laws and Bachelor of Arts in Criminology and is a Justice of the Peace.

David Flanagan

Managing Director of Atlas Iron Limited

David Flanagan is a geologist with extensive experience in mining operations, exploration and project development in Western Australia, Indonesia and West Africa. He has held senior management roles with Resource Service Group and Gindalbie Gold NL. Whilst with RSG he was seconded to Glencor's Bogosu operation as Chief Exploration Geologist, and under his leadership the Bogosu exploration team discovered and developed the Chujah deposits totalling 500,000 ounces of gold.

Mike Young

Managing Director of BC Iron Limited

Mike Young graduated from Queens University, Canada and after two years of uranium and gold exploration and mining in Canada, he immigrated to Australia in 1987. Since then Mike has worked for Dominion Mining Limited, Mining and Resource Technology, which became part of Golder Associates, and Cazaly Resources. Mr Young's experience has a strong focus on exploration, resource definition and development.

Wayne Richards

Managing Director of Brockman Resources Limited

Wayne Richards has over 20 years experience in the mining and mineral processing industry, with extensive experience in the development and operation of nickel/cobalt and iron ore businesses. He commenced his career at Queensland Nickel Pty Ltd in 1985 and moved to Western Australia in 1997 as the Refinery Manager of the Murrin Murrin Nickel-Cobalt Project. He has been involved in the design, construction, commissioning and ramp-up of several significant brownfield and greenfield projects within Australia. Mr Richards recently fulfilled senior executive roles within BHP Billiton Iron Ore, and joined Brockman Resources in August 2007.

David Turvey

Managing Director of FerrAus Limited

David Turvey is a geologist and founding director of Equant Resources Pty Ltd, a resource consulting company that provides technical evaluation and business development studies of global mineral projects. Prior to 1998, Mr Turvey worked with companies including Normandy Mining Ltd, Chevron Corporation, and CSR Ltd managing successful mineral exploration programs and business development teams. His 24 years experience in the mineral industry has included seven years in expatriate management roles in South East Asia.

Matthew Rimes

Managing Director of Iron Ore Holdings Limited

Matthew Rimes is a mining engineer with over thirty years experience in a range of commodities including gold, copper, nickel and iron ore. He was with North Ltd from 1989, and then subsequently with the Rio Tinto group following the takeover of North Ltd in 2000. Over the last ten years he has been with Robe River, holding senior operational positions at both of Robe's operations at Pannawonica and West Angelas. Prior to joining the board of Iron Ore Holdings he was Managing Director of Echelon Resources Ltd.

For more information on the North West Iron Ore Alliance, our strategies and objectives, email info@nwioa.com.au
T: (08) 9214 3836 Level 29, 221 St Georges Terrace Perth WA 6000 PO Box 7505 Cloisters Square WA 6850

North West
IRON ORE ALLIANCE

Media Announcement	**Monday 21 April 2008**

JUNIOR MINERS BACK THE PILBARA

At its community launch in Port Hedland over the weekend, the North West Iron Ore Alliance announced it would work to bring junior companies together to fast-track and streamline the development of a successful and dynamic new iron ore industry in the Pilbara region of Western Australia.

The five members of the Alliance – Atlas Iron, BC Iron, Brockman Resources, FerrAus and Iron Ore Holdings – will cooperate on issues such as infrastructure development and access, statutory approvals and community development.

Former Member for Kalgoorlie and leading government relations consultant, Megan Anwyl, who has been appointed to act as independent chair for the Alliance, said collectively the members of the North West Iron Ore Alliance have the potential to deliver up to 50 million tonnes of iron ore per annum by 2014, generating approximately $165 million in annual State royalties.

“The development of a new generation junior iron ore industry in the Pilbara has the potential to bring significant benefits to both the Australian iron ore industry as a whole, and also to the economic and social development of the Pilbara and its towns,” Ms Anwyl said.

“By working together, North West Iron Ore Alliance members have the potential to pool resources to make sure that the benefits from projects flow back to the people that live and work in the Pilbara. These projects will generate significant employment and business opportunities in the Pilbara plus increase the diversity, depth and sustainability of the multi-billion dollar iron ore sector,” she continued.

The Member companies of the Alliance already employ about 200 people and this figure is expected to increase rapidly in the months ahead as they progress from Scoping Studies through Feasibility Studies to production. First iron ore production from a North West Iron Ore Alliance company is scheduled to commence in October 2008.

The members of the North West Iron Ore Alliance have agreed that the key initial focal points will be:

- To work with local, State and Federal Governments to ensure a new junior iron ore industry within the Pilbara region;
- To be employers of choice in the iron ore industry;
- To help improve the opportunities and lifestyles of local residents;
- To advocate for public policy settings that:
    - consider the needs of junior iron companies in regards to the planned expansion of social and economic infrastructure at Port Hedland;
    - consider the needs of junior iron ore companies when determining expansion and access to rail and other transport infrastructure;
    - assist Federal and State Governments to provide sustainable social and economic infrastructure for the Pilbara that will mean true regional development; and
    - provide diversity to the State’s iron ore industry; and,
- To foster partnerships and training and employment opportunities for all Pilbara residents, as well as Alliance workers and their families.

Members of the Alliance were in Port Hedland to support the Port Hedland Rotary Ball and its vital fundraising effort towards a new High School library.

Megan Anwyl said the Alliance members are also keen to maintain ongoing dialogue with local Pilbara residents about how best to support future regional development.

"The North West Iron Ore Alliance will work in close consultation with the Port Hedland and Pilbara communities to develop a new junior iron ore industry that will bring lasting benefits to the region," she said.

—ENDS—

On behalf of:
Megan Anwyl
Chair – North West Iron Ore Alliance
Phone: 08 9214 3836
Mobile: 0417 949 900

Background on members of the North West Iron Ore Alliance:

Atlas Iron Limited - www.atlasiron.com.au

Atlas Iron (ASX: AGO) has one of the largest land holdings in the Pilbara region covering over 6,000km^2. The Company is preparing to commence production of direct shipping grade iron ore (DSO) resources from Pardoo Project, 75km from the public access port at Port Hedland, in the second half of 2008. Targeting production of 1 million tonnes per annum in its first year of operation, Atlas is forecasting its production at Pardoo will grow to 3 million tonnes per annum by 2010 with further substantial growth expected on the basis of its aggressive ongoing exploration effort. Atlas has recently upgraded its exploration target to 120-180 million tonnes.

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Iron Ore Holdings Limited - www.ironoreholdings.com

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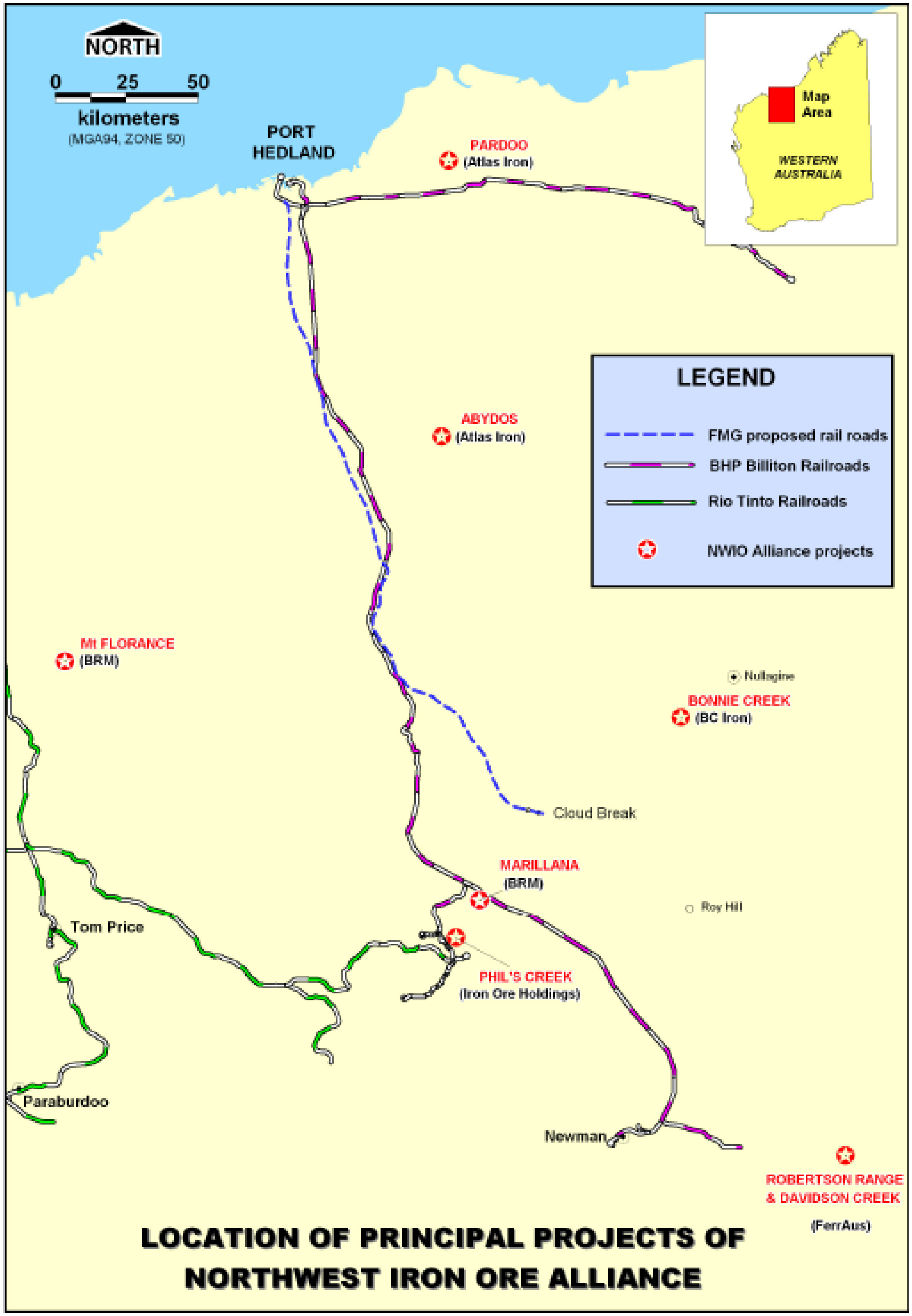
APPENDIX B

MAP OF GOLDSWORTHY RAILWAY AND MOUNT NEWMAN RAILWAY

APPENDIX B – MAP OF GOLDSWORTHY RAILWAY AND MOUNT NEWMAN RAILWAY

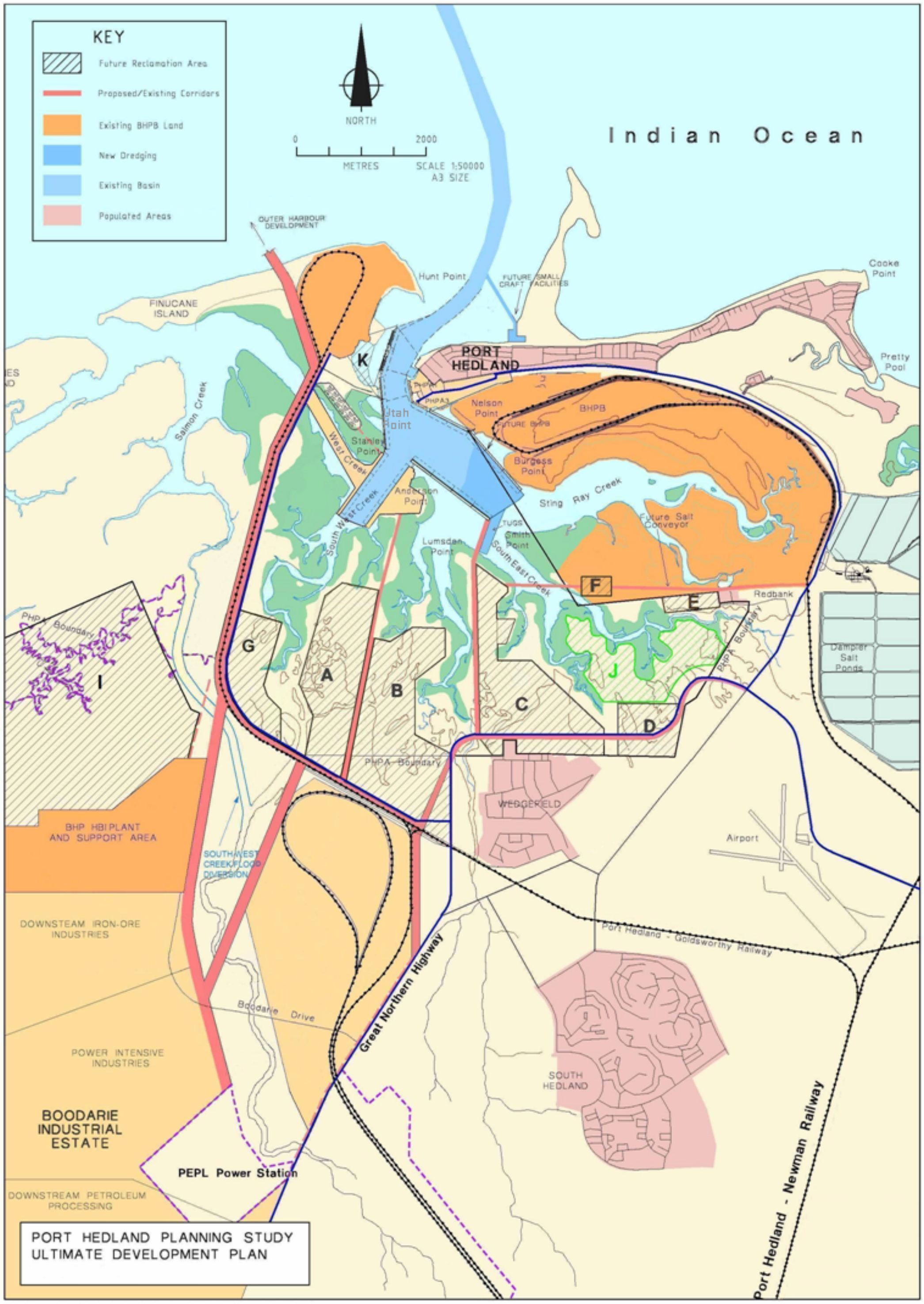


APPENDIX C

MAP OF PORT OF PORT HEDLAND

Appendix C - Map of Port Hedland

(courtesy of Port Hedland Port Authority)



APPENDIX D

PROJECTS NEAR GOLDSWORTHY RAILWAY

APPENDIX D - PROJECTS LOCATED NEAR GOLDSWORTHY RAILWAY

Site (Company Name)	Location	Product	TONNAGES (MTonnes pa)											
			2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Pardoo (Atlas Iron Limited)	75km east of Port Hedland	Iron Ore	1	3	3	3	3	3	3	3	3	3	3	3
Ridley (Atlas Iron Ltd)	75km east of Port Hedland	Magnetite					5	10	10	10	10	10	10	10
Woody Woody (Consolidated Minerals)	400km south-east of Port Hedland	Manganese Ore (trucked in 90 tonne road trains)	0.9-1.1	0.9-1.1	0.9-1.1	0.9-1.1	0.9-1.1	0.9-1.1	0.9-1.1	0.9-1.1	0.9-1.1	0.9-1.1	0.9-1.1	0.9-1.1

APPENDIX E

PROJECTS NEAR MOUNT NEWMAN RAILWAY

APPENDIX E - PROJECTS LOCATED NEAR MOUNT NEWMAN RAILWAY

Site (Company Name)	Location	Product	TONNAGES (MTonnes pa)											
			2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Abydos (Atlas Iron Ltd)	130km south of Port Hedland	Iron Ore	0	3	6	9	9	9	9	9	9	9	9	9
Nullagine Project - Bonnie Creek CID (BC Iron)	Immediately north of Fortescue Metals Group Chichester Project	Iron Ore	0	2	3	3	5	5	5	5	5	5	5	5
Marillana (Brockman Resources)	100km north-west of Newman	Iron Ore	1	2	8	10	10	15	15	15	15	15	15	15
Phil's Creek (Iron Ore Holdings)	Close to the iron ore operations and infrastructure of BHPB and Rio Tinto at Yandicoogina in the Pilbara.	Iron Ore	0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Robertson Range & Davidson Creek (FerrAus)	40 km east of Newman.	Iron Ore	1	2	4	6	6	8	10	10	10	10	10	10

APPENDIX F

MAP OF TENEMENTS NEAR GOLDSWORTHY RAILWAY AND MOUNT NEWMAN RAILWAY

APPENDIX F – MAP OF TENEMENTS NEAR GOLDSWORTHY RAILWAY AND MOUNT NEWMAN RAILWAY

(Courtesy of Port Hedland Port Authority)