



March 2015

Project Iron Boomerang(PIB) Up-Date & Information Kit

by- Shane Condon – MD & Founder



Prepared for
**Federal LNP Coalition
Government**
May 2015

A Nation Building Project for the Industrialization of Northern Australia to the joint national economic benefit of Australia and its major trading nations in collaboration.

Estimated GDP 2014 Net-Economic Generated Productivity Growth Effect - indicates 5.5%.

**“Delivering on a practical common sense old idea to
the lucky country whose cyclical global market place
and time has come!”**



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PIB Market Positions and Business Case Positive Effects

Update on Key Advantage Points Summary - March 2015



1. Positive Annual Currency Effects Review at Au80c to US\$1 against 2014 \$1 parity!

- a) US**\$4bn cost saving** from \$24bn to \$20bn in the PIB Master Project Construction.
- b) US**\$2.5bn cost saving** on building the Australian 30% construction & instalment cost component of the 10 US\$3.5bn ea. = \$35bn Total PIB Steel Plants - (Independently owned and operated.)
- c) Results in Improved forecast on PIB consortium investors profit returns.
 - i. a) Indicative PIB Master Project Base Case P-tax ROE 22% & IRR 14%
 - ii. b) PIB Master Project's **Total Profit US\$980m** and/or US\$98m ea.
 - iii. c) 44m tpy x US\$65t of competitive Steel Profits US\$2.86bn p/a
 - iv. d) Total Master PIB Project Profit US\$3.8bn and/or US\$380m p/a ea.

2. The Current Reduced Iron Ore and C-Coal Resource Depressed Prices has no effect on the PIB Business Case model, what-so-ever - PIB delivers high efficiency !

Both the global IO and C-Coal Miners and the global steel mills will both need and benefit from PIB's integrated optimal sustainable profit efficiencies: supply-chain pit-to-port to-ship CIF wharf and steel complex model production/operations/administration.



PIB Market Positions and Business Case Positive Effects

Update on Key Advantage Points Summary - March 2015



Note the PIB Master Project cost is budgeted in two currency project stages.

01

The **Au\$150m** 3-year Bankable/Approval Study. – completed by end 2018.



02

The **US\$20bn** 3.5 year Rail & 2-Steel Complex industrial lands Build and Construct – completed by 2022.



03

The **US\$35bn** 10 PIB Steel Mills - first 2 at each end completed by 2022 – rest by 2024/5.





**PIB is the best place on earth to make 1st stage
sustainable profitable steel for the next 75years +**

The PIB 1st Stage Steel-Making Concept and Strategy

A Practical and Common-Sense Application but Complex in Execution

The Industrialised and particularly the developing world is increasingly “competitively dependent” on **primary “seaborne” steel making ores** which Australia has at both ends of the continent in abundance, which it uniquely dominates world supply by 60%-70% both now and in the future.



Australia “*the lucky country*” has both in sustainable abundance terms for the next 75 years or more and is geographically time zone blessed “again” next to the primary regional global growth markets. Indonesia and India (1.5Bn people 5-7% annual growth) as developing democracies, are predicted to consume over 300m tpy steel within 10-15 years.

The PIB 1st Stage Steel-Making Concept and Strategy

A Practical and Common-Sense Application Idea but Complex in Execution

Steel History Repeated

80 years ago before the 2nd world war and over 2,000 years before that when the iron age began, iron and steel was made next to the mines – The PIB case is a repeat of world steel deep roots history **in correcting this modern age inefficiency phenomena** of the world's biggest bulk ships and trains returning empty half the distance, this will save net billions per year as a steel profit, currently denied for the worst of times, and a double profit in the best of times. **The av IO fe 60% the rest is dirt 40% - empty return trip ship and train efficiency is therefore around 30%. The modern world cannot continue to afford this Gross Consumption Unnecessary Waste in both Financial & Social Environmental Efficiency Terms.**



The PIB concept model is well researched, respected and tested with our respected professionals and/or major Corp Associates, our collective conclusion is that **we are the best place on earth to make sustainable 1st stage steel profits over the next 75yrs +**; in both the worst (as applies now) or best of times.

Australia and the World needs to recognize this unique opportunity and take advantage of it now, or it will pass us by!



Corporate Structure & Business Plan

How is PIB Funded



The PIB Master Business Model

- Has not changed since being first introduced in 2006 to the world's major steel mills who have themselves contributed to the plans construction.
- The collective affordability and risk mitigation PIB Steel Makers Consortium Model will attract AAA Finance and international finance support from national governments for competitive sustainable steel profit supply protection for their industrialised nations – jobs and trade economies.

PIB is at;

- **Stage 2** of The Bankable Approval Stage 3 years - **completion by $\frac{3}{4}$ 2018**
- **Stage 3** Commissioning and Construction 3 $\frac{1}{2}$ years – **completion by $\frac{1}{4}$ 2022**
 - 2 steel mills at each end - 4 in total by 2022
 - with 2 more being constructed each end towards 5 at each end
 - 10 in total x 4.4mtpy ea + 44m tpy - **all operating by 2024-5.**



Corporate Structure & Business Plan

Design, build & operate the PIB Continental Rail & Steel Complex Land sites



STAGE 1: Pre-feasibility Share Structure Private Company Pre-Feasibility Report Completed Jan 2009 By commercial scale one of the world's biggest projects

STAGE 2: B-Feasibility / Approval Study Design & Approval Stage 2015 to 2018 Offering 10-positions 5-ea end
AU\$15M each. Expected R&D Rebate \$6m ea.

STAGE 3: Commercialisation Share Structure to Public Co (Construction & Commissioning) Year 2018 to 2021 Basis 75/25% Debt & Equity
US\$500 million each x10 (Less possible infrastructure tax loss incentive rebate \$2bn -\$200m ea.)

STAGE 4: Commercial Share Structure Listed Public Company (Operational) Year 2022 to 2025 - 10 mills reaching goal of 44m tpy PIB steel production.

STAGE 5: Commercial Share Structure Listed Public Company Beyond 2025
Exit strategy for PIB Steel Consortium Investors?

East West Line Parks Pty Ltd.

Group 1: Founders & Associates

Total shares on issue – 10,000 Ordinary Fully Subscribed

Project Controllers East West Line Parks Pty Ltd.

Group 1: Founders & Associates

Group 2: Feasibility Study Consortium Investors

Approx. 8-9 steelmakers controlling majority of the final PIB consortium of 10 BF positions 9%ea + EWLP 10% funded by steelmaker's.

Raise funding for the Feasibility/Approval stage (managed for global steelmakers) AU\$15M ea.

Incentives

Priority BF place in the queue 1-10 Steel investors.
• Exclusive Consortium Share
• Land Site & Regulator Approval to construct BF/BOF
• Note: Some Mills may take up 2 positions for 1 vote.

Project Managers East West Line Parks Ltd. Project Board International Steel Consortium + EWLP

Group 1: Founders & Associates

Group 2: Feasibility Study Consortium Investors

Group 3: Investors

Capitalisation of US\$20 billion - 2015 costs

Change the status of the Company from Private to Public status

Capitalisation:

Group 1: Founders & Associates
Revaluation of equity (10% of the final capital raised)
Group 2: Feasibility Study Investors
AUD\$150 million carried forward to Group 3.
Group 3: 10- Equal Share Steel Consortium Investors
9% ea. Funding EWLP's 10%
Group 4: Debt Finance (Non-Recourse Project Finance converted to long-term rates) US\$5 billion

Administrators East West Line Parks Ltd.

Indicative project IRR p-tax 14%. ROE p-tax 22%.

Initial Public Offering

Stock Exchange Listing

Profit Exit 6-8y opportunity for Initial Investors

Financial Summary

Summary Data



SMELTER PARKS		
Assumptions:		
Option		Phases 1 to 3
Fixed Asset Depreciation	years	25
PIB Service Charge	US\$/tonne	12
Energy Sales	US\$/M	629
Smelting Capacity (utilised)	tpa	43,800,000
Phasing roll out stage 1		40%
Phasing roll out stage 2		80%
Phasing roll out stage 3		100%
Capital Expenditure	US\$	4,178,964,144
Working Capital	US\$	15,130,780
Capitalised interest	US\$	351,671,362
Operating Costs	US\$/tonne	5.41
Results:		
Total Financing Required	US\$/M	4,546
Equity Contribution	US\$/M	1,049
Maximum Loan Balance	US\$/M	3,497
IRR (escalated, post-tax)	%	16.35%
ROE (escalated, post-tax)	%	27.34%

RAIL LINE		
Assumptions:		
Option		Phases 1 to 3
Fixed Asset Depreciation	years	25
PIB Service Charge Below Rail	US\$/tonne	13.00
PIB Service Charge Above Rail	US\$/tonne	11.00
PIB Service Charge - Limestone	US\$/tonne	20.00
PIB Service Charge External Buyer	US\$/tonne	30.00
Rail Line Capacity (internal coal & ore)	tpa	52,200,000
Rail Line Capacity (limestone)	tpa	11,500,000
Rail Line Capacity (external) - max	tpa	50,000,000
Capital Expenditure - Main	US\$	13,965,425,627
Working Capital	US\$	23,922,661
Capitalised interest	US\$	1,501,812,888
Operating Costs	US\$/tonne	12.68
Results:		
Total Financing Required	US\$/M	15,491
Equity Contribution	US\$/M	3,497
Maximum Loan Balance	US\$/M	11,994
IRR (escalated, post-tax)	%	13.19%
ROE (escalated, post-tax)	%	20.70%

PROJECT TOTAL		
Assumptions:		
Equity Participation - Smelter Park		25.0%
Equity Participation - Rail		25.0%
Annual Inflation		2.5%
Annual Escalation - PIB tariffs		2.5%
Interest on Withheld Profit		0.0%
Amortisation Capitalised Int	years	10
Tax Rate		
		30%
Tax Grace Period	years	0
Results:		
Total Capital Expenditure	US\$/M	18,144
Total Working Capital	US\$/M	35
Total Capitalised interest	US\$/M	1,853
Total Financing Required	US\$/M	20,037
Equity Contribution	US\$/M	4,546
Loans Requirement	US\$/M	15,491
IRR (escalated, post-tax)		
	%	13.86%
ROE (escalated, post-tax) *		
	%	22.12%

* this ROE does not take into account the benefits of any Government incentive rebates on infrastructure investments which would accrue to the benefit of the equity account on receipt

GENERAL

Assumptions:

Exchange Rate - USD per AUD		0.80
PPI - rail transport	2008 - 2014	142.54
CPI - Australia	2008 - 2014	118.05

Service cost per tonne of steel produced (@ year 0)

Phase 1 (4 smelters)	US\$/tonne	40.60	Year 5
Phase 2 (8 smelters)	US\$/tonne	40.60	Year 7
Phase 3 (10 smelters)	US\$/tonne	40.60	Year 9

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LOAN FINANCING		Smelt Pk	Rail
CONSTRUCTION LOAN			
Interest Rate		7.00%	7.00%
Exposure Fee		1.00%	1.00%
Commitment Fee		0.50%	0.50%
SYNDICATED LOAN			
Interest Rate		7.00%	7.00%
Term (from production)	years	25	25
Arranging Fee		1.50%	1.50%
Grace Period	years	0	0
COMMERCIAL BANK LOAN			
Interest Rate		0.00%	0.00%
Term (from production)	years	0	0
Commitment Fee		0.00%	0.00%
Grace Period	years	0	0

LOAN AMOUNTS	(US\$/M)	Smelt Pk	Rail
TOTAL DEBT CAPITAL REQ'D	13,638	3,146	10,492
FINANCING COSTS	1,853	352	1,502
INSTITUTION BOND		-	-
FINANCING LOAN		-	-
EXPORT CREDIT LOAN		-	-
CONST ⁿ / SYND LOAN (inc co	15,491	3,497	11,994
COMMERCIAL BANK LOAN	-	-	-

Excl. Energy sales and External rail charges

The PIB Big Picture

Feb 2015 Annual Revised Key Figures **Au\$0.80 to US\$1**



EWLP is the commercial project proponent and founder who will lead and administer the PIB project and appoint best contract operators on behalf of the global steel consortium PIB owners who will each build own and operate their own steel mills within the PIB steel complex's.

PIB CAPEX Expenditure Economics.

\$16 Billion
Rail & Rolling
Stock



1,500 Jobs
Permanent
Operations &
Maintenance
Rail Jobs



\$35 Billion
10 Steel Plants
(5 each end - owned
and operated by the
steel mills)



6,000 Jobs
Rail
Construction
Jobs
(50% in NT)



\$4 Billion
PIB Steel
Complex
Industrial Land
Sites (WA & QLD)



Total Project **\$55Bn** PIB Base CAPEX Expenditure

The PIB Big Picture

Feb 2015 Annual Revised Key Figures Au\$0.80 to US\$1



Steel Mill PIB Generated Profits.

Steel Mill PIB Generated Profits over and above a S-Korean Mill is indicating **\$65t on steel X 4.4m tpy = \$286m** each - plus the PIB Rail/Steel Park Admin Investors consortium profit of \$100m ea. Total \$380m ea. p/a for PIB Master Project Total \$3.8Bn p/a

PIB Master Project Total \$3.8Bn p/a

Economic Benefits

Early Feasibility Study Phase Figures Reviewed Feb-2015



Economic Benefits

- **\$18Bn** p/a in steel production from 44m tpy of steel (\$10Bn in Value Adding 116m tpy of primary ores consumed – ¼ 2015 p/a adjusted market figures) "TSC/NRI"
- Economic Benefit - Global Rule of Thumb in Generated Industrial Steel \$1Terms is \$1 to \$3 = **\$54Bn p/a +\$18bn Steel p/a**

Sovereign Governments

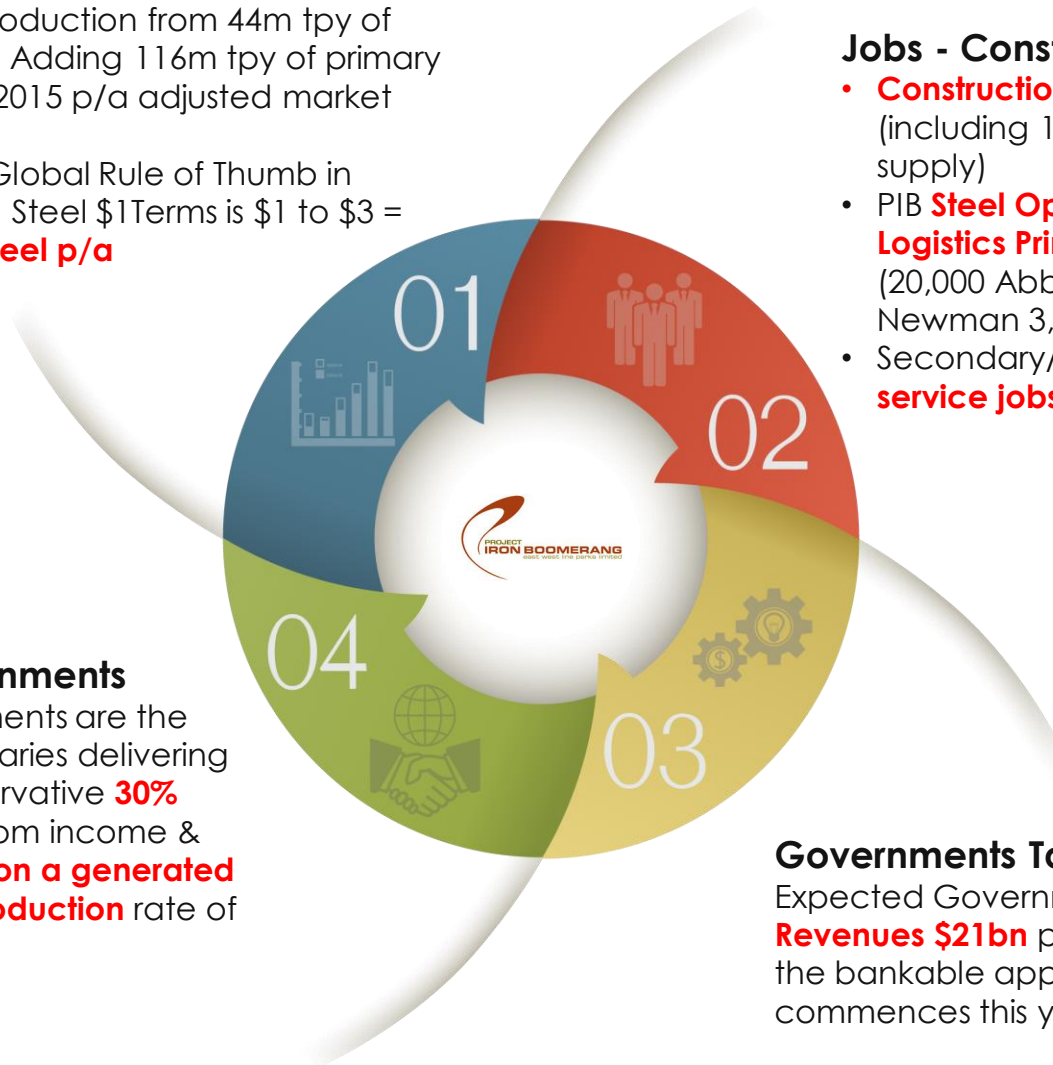
Sovereign Governments are the biggest PIB beneficiaries delivering an expected conservative **30% taxable revenue** (from income & commercial taxes) **on a generated \$72bn p/a at full production** rate of 44m tpy steel.

Jobs - Construction & Permanent

- **Construction at Peak 75,000** (including 15-20k o-seas steel plant supply)
- PIB **Steel Operations/Production – Logistics Primary Jobs 35,000** – (20,000 Abbott Point & 12,000 Newman 3,000 Admin Qld & WA)
- Secondary/Tertiary industrial and **service jobs expected 50,000 +.**

Governments Tax Revenues

Expected Governments **Tax Revenues \$21bn** p/a by 2025 if the bankable approval study commences this year by ¾ 2015?



Project Iron Boomerang Rail Corridor

PIB E-W 3,300km Continental Multi-Purpose/Use HH Rail Corridor



Preliminary Survey Corridor by Quantm/Trimble



GLENCORE

QUANTM
A TRIMBLE COMPANY



LEIGHTON

ranbury
THE TURNING POINT

World's most efficient HH Continental Trains



Automated Trains with 2 rotating live-on-board whole trip control drivers.

42t axle load - Lidded Aerodynamic Wagons at average speed 85km per hr - 40 hr journeys



PIB Steel Complex Park 5

1st stage slab mills X 4.4mtpy ea. = 22mtpy



“World First” Global Tenders issued for 10 PIB 1st Stage Mills - To EEC China & Japan 2012 -2014.
Actual Replica of Scoping Design Model by TSC - UK

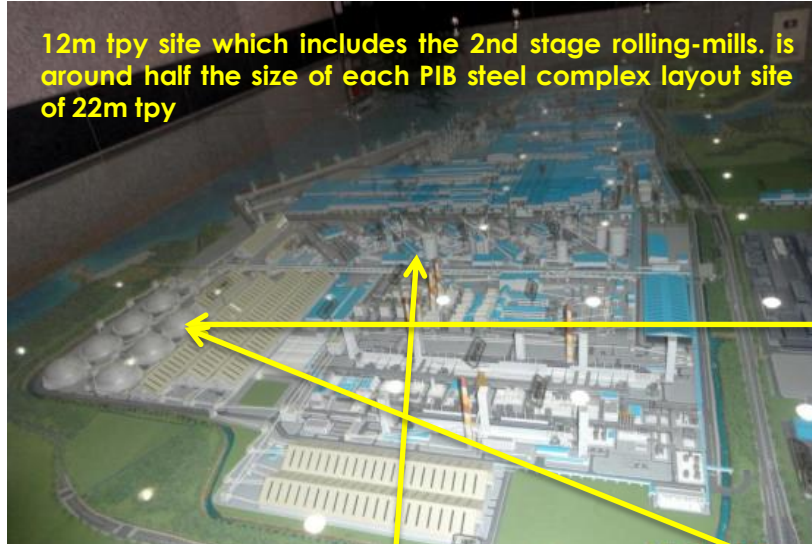


PAUL WURTH
SIEMENS

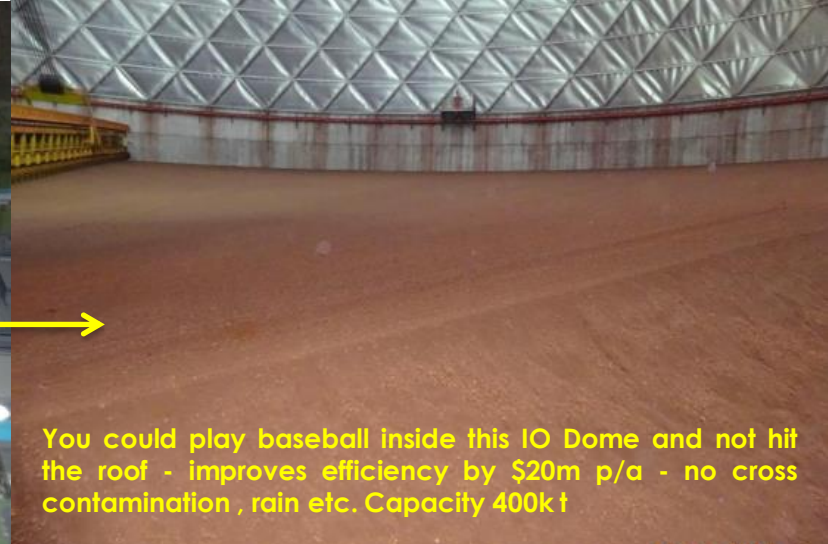


S-Korea Dr Kim personal Hyundai Steel Plant Site Visit

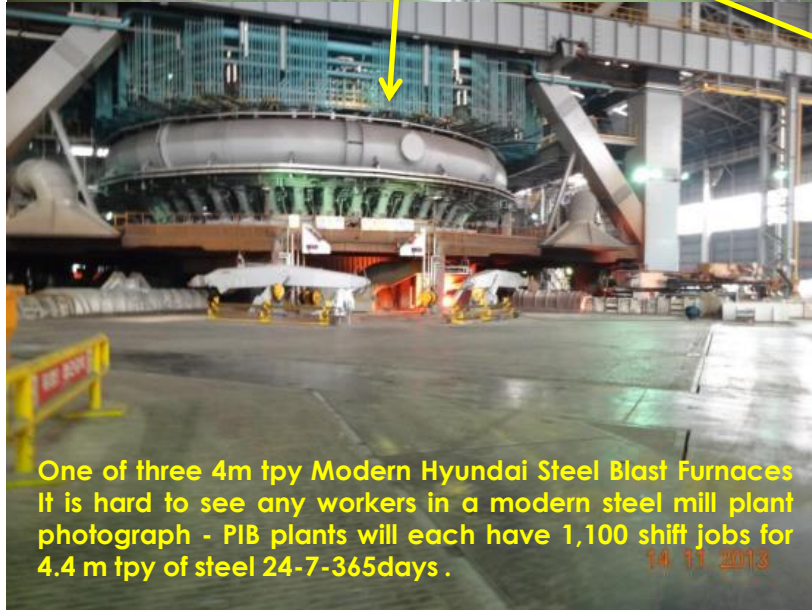
3x4m tpy BF = 12m tpy most modern WBP & Efficient in the world.



12m tpy site which includes the 2nd stage rolling-mills. is around half the size of each PIB steel complex layout site of 22m tpy



You could play baseball inside this IO Dome and not hit the roof - improves efficiency by \$20m p/a - no cross contamination , rain etc. Capacity 400kt



One of three 4m tpy Modern Hyundai Steel Blast Furnaces
It is hard to see any workers in a modern steel mill plant photograph - PIB plants will each have 1,100 shift jobs for 4.4 m tpy of steel 24-7-365days .
14/11/2013



Dr Kim Exec VP Steel & Shane Condon

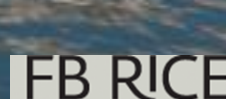
14/11/2013

Full Pay-Load-Each-Way Boomerang Class Ship “BCS”

Major World Sea Freight - Shipping - Finance Analysts & Design Scoping Study Contributors



- South to Oz Full 2,000 TEU's "Containers" to Australia – figures at scoping study stage indicative 40% discount on current TEU's Sea Freight Rates.
- North from Oz (loading 75,000t a day of PIB each from WA and Queensland) of Steel Slab Bloom Billet or HRC plus 2,000 empty return TEU's on top (as below). Comparative Bulk Ore Rate Discount of 50% for a sustainable ship operating profit Rate of Return.
- Consolidating to 3 times less of comparative bulk ore shipping through the Great Barrier Reef in shallow draft smaller stronger ships delivering CO2 40-50% greater efficiencies.



Multi User/Purpose 3,300km Continental HH Rail Corridor

Transport - Communications - Water - Gas-Road - Airstrip - Infrastructures The Complete Above Rail will be designed to deliver up to 8m wide 400/500t modules by Rail.



PIB has a Federal Communications Licence

Economic Social and Cost Benefits yet to be fully studied

Communications Licence

- Essential for our rail PIB automated train control safety systems.
- Automating the inland stranded development mines 100-150 estimated.
- World Class communications for the inland communities.
- Possible connection from the E Coast to W-Coast Indian Ocean Cables.
- PIB Communications Related Permanent Jobs 1,000

Benefits

Stranded Mine Development - Defence- Inland Communities- Agriculture
– Multi Purpose E-W Corridor for Oil/Gas/Water/Roads and for strategic
located rail-breakdown crew airstrips.



State of the Art Smart City



PIB presents a unique global scale affordable greenfield state-of-the-art opportunity to fully integrate industry with adjacent social living town sites delivering high quality standards of living with low cost effective full service needs.



State of the Art Smart City

PIB Integrated Steel Complex & Industrial Services Town Offers



- a) A Unique Greenfield Opportunity for joint integrated steel complex/Town services for benchmark improved low cost high quality standards of living- environmental outcomes “NRI”
- b) Bowen Town extension 42,000 – aerial surveys conducted!
- c) Similar smaller town at Newman WA of 12,000 people.
- d) Shared Water Treatments at 3-4 primary re-use levels.
- e) Power Shared Co-Gen Improved Outcomes reduced Cost and Impacts.
- f) Bio Fuel plants utilising secondary/tertiary heats and sewage.
- g) Light Rail - Elevated within Steel Complex to Town (20-30km) saving 5,000 a day car movements from Town to Complex.
 - Utilised for tourists during off peak times.

It is estimated that for every PIB \$1 spent (\$60bn) the Australian Economy will spend further \$1 in support on related permanent towns - schools- hospitals - industrial and social community services etc.



EWLP- PIB Corp Shareholders



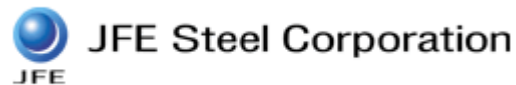
EWLP- PIB Corp Shareholders



EWLP- PIB Major Contributing & Contract Corp Associates 5-9 years



EWLP-PIB CA Signed (24 in total) - Leading & Contributing Steel Mills (7- 8 years)



1. **Global Steel Mill Commitment Letter Contracts for a 1-10 place in the queue to identified first movers have been issued in 2014 –15.**

- Negotiations are under way with the targeted and identified first mover contracts expectations concluded by May/June 2015!
- Contracts and letters were PIB/TSC co-drafted and authorised.
- Negotiations are underway 1-10 Priority Order (note; some mills will take up the maximum quota of 2 mills each for one consortium vote.)

2. **10 First Stage (4.4m tpy each) Standardised Slab Steel Mill Tender/Supply Contract Preliminary Tender Documents**

- A World Steel Industry First!
- Have been issued to the world's top 6 steel mill equipment builders/suppliers in EEC, China and Japan
- This was a thorough, exhaustive test engagement and “acceptance” of PIB's production and strategic planning on our new global steel consolidated production/operations efficiency concept models.



1. **Political Commitment to the PIB Concept and Idea whole-of Government national best interest collaboration called for from State - Territory and Federal Governments.**
 - Federal/State/Territory whole-of-Government White Paper Policy Nomination/Inclusion – Major Project Status in all jurisdictions.
 - Afterwards Please Consider A Parliamentary Secretary Government Appointment to Coordinate and Facilitate PIB with WA QLD & NT and Federal Government Departments -
 - The task is huge while business commerce is very efficient we need a co-ordinated Investment Attraction Facilitation and Welcome to our major partner trading investor nations.
2. **Political The concept is practical logical & common-sense has credibility and integrity that will stand up to the test. Our 10 year research data base is open and available to approved parties.**

(Due Diligence wise, none are tougher than the world steel industry itself)
3. **We welcome and look forward to Q&A workshops with Queensland and all Australian Governments towards vital co-ordinated understanding in best national interest and economic future goals.**
4. **Refer to our detailed Information Packs as supplied.**
5. **We welcome your inquiry and questions.**

Efficacy

RACQ - Queensland's largest representative body (1.2m) supports PIB



Excerpts from RACQ Green Paper on Developing Northern Australia, Commonwealth of Australia 2014 p13

Development of an east west infrastructure corridor (Project Iron Boomerang) The RACQ supports consideration of an east west railroad linking the north of Queensland to northern Western Australia and associated road and communication infrastructure.

A project to develop heavy rail across northern Australia (known as Project Iron Boomerang), has been developed by East West Line Parks Limited. RACQ considers that the railroad, combined with road and communication infrastructure, would form a valuable nation building project.

The proposed railroad would be among the world's most efficient heavy-haul, standard-gauge railroads. Project Iron Boomerang would provide estimated productivity gains and value-add Australia's coal and iron ore by 50% to export 44 million tonnes per annum (mtpa) of slab steel equivalent to A\$22 billion per annum delivered to east Asia. The rule of thumb generated economic benefit is usually 3 to 1 in dollar terms for every dollar of steel produced. The outcome is A\$22 billion of steel, plus A\$66 billion of directly related economic generated benefit for a total of A\$88 billion per annum.

Against current operating practice for world steelmaking, Project Iron Boomerang offers a world productivity gain of 20 - 30%. East West Line Parks Ltd predict 35,000 directly related permanent jobs would result with 20,000 at Abbott point and 12,000 at Newman Western Australia and the rest around Australia.

The project has economic, environmental, national and global importance to Australia and its major trading nations and steelmaker partners in the steel industry. It is likely to be the most sustainable and lowest marginal cost steel supply chain in the world. Creating a multi-user, multi-purpose, open access infrastructure corridor including road and communications, will place this as a major nation building project.

The RACQ believes the Australian Government should assess the feasibility of this project with a view to facilitating progress across the commercial enterprises and governments involved. In an era of manufacturing departing our shores, the opportunity for a high technology value-add enterprise, principally funded by anchor tenants involved in Australia's world class iron ore and coking coal deposits, should not be overlooked.

It is hoped that improved road and rail freight planning will raise the quality of Queensland's major northern infrastructure and roads. Roads should be fit for purpose and safe enough to accommodate heavy vehicles at high speeds sharing the road with other motorists.



Thank you

