

Media Announcement

NAIF drives support for Australia's first Aboriginal-owned iron ore producer

19 September 2019

Highlights

- **\$27.1m debt funding secured for Australia's first Aboriginal-owned iron ore producer**
 - Includes first investment by NAIF in an iron ore mine project
- **Equity raising for \$28m commencing**
- **AAMC on track to begin First Iron Project mine development by Q4 2019, creating as many as 240 new jobs in regional Western Australia**
- **First Iron Project underpinned by**
 - **84Mt Fe resource in the Pilbara**
 - **Landmark iron ore sale and purchase agreement with Fortescue Metals Group**

Australian Aboriginal Mining Corporation Pty Ltd (**AAMC** or the **Company**) is delighted to announce it has secured \$27.1 million in debt funding for the development of the First Iron Project (**First Iron**) in the Pilbara as it marches towards becoming the country's first Aboriginal-owned iron ore mining company.

The Commonwealth Government's Northern Australia Infrastructure Facility (**NAIF**) has approved a \$12.5 million loan – its first to an iron ore mining project in Australia – to help fund development of First Iron, located 80km north-west of Newman. AAMC will mine the iron ore deposit formerly known as Wonmunna.

This is the sixth investment decision NAIF has made in Western Australia.

The Minister for Resources and Northern Australia, the Hon Senator Matt Canavan, and the Minister for Regional Services, Decentralisation and Local Government, the Hon Mark Coulton, announced NAIF's funding support in Canberra today.

NAIF's support has been provided in conjunction with a \$14.6 million facility from Westpac Banking Corporation, on standard commercial terms and conditions.

The combined \$27.1 million support from NAIF and Westpac will be used by AAMC to complete the debt-funding requirements for First Iron.

An equity raising led by Patersons Securities for \$28 million is commencing as AAMC targets a start of construction at First Iron prior to Christmas.

Mine development activities will create approximately 120 jobs as well as a similar number of new permanent positions once First Iron is operational.

Leading Perth advisory firm PCF Capital Group has been working with AAMC in arranging First Iron's development funding package.

Commenting on the successful debt funding for First Iron, AAMC chairman Daniel Tucker said:

"This is a landmark moment in the development of Australia's first Aboriginal-owned iron ore producer and a wonderful milestone for Aboriginal engagement in this country's mining industry.

"On behalf of AAMC, I thank NAIF and Westpac for their funding support of our endeavours to create opportunities for Aboriginal communities and businesses to become actively involved in mainstream mining businesses and to share in the wealth of the land.

"We now look forward to continuing our engagement with the WA Department of Mines, Industry Regulation and Safety to finalise the last remaining approvals as quickly as possible so that we can start construction at First Iron."

The Minister for Resources and Northern Australia, the Hon Senator Matt Canavan, added:

"The First Iron Project will create more than 120 new jobs during construction and support around 120 ongoing jobs during its operations.

"It is a really significant project for regional Western Australia and demonstrates NAIF's vital role in delivering infrastructure, creating jobs and boosting the economy, with an independent analysis indicating the net public benefit from the project will be more than \$300 million.

"This isn't just an investment in the hard infrastructure involved with the project – it's an investment in the future of the people and communities of the Pilbara.

"NAIF has now approved loans to six projects in Western Australia, to a total value of \$307.8 million, with more than 1,300 jobs to be created across those projects during construction and operations."

Commenting on NAIF's funding support, NAIF Chief Executive Officer Laurie Walker said:

"NAIF's objective through its financing is to achieve growth in the economies and populations of northern Australia and encourage and complement private sector investment in northern Australia.

"One of NAIF's mandatory criteria is ensuring there are strong Indigenous outcomes for all of our investments. This support of the First Iron Project satisfies those criteria and NAIF is delighted to partner AAMC."

First Iron will be a low-cost iron ore operation with an initial mine life of 11 years and substantial opportunities for both ore reserve and life-of-mine growth.

The First Iron ore body hosts Marra Mamba-style iron ore and has a JORC-compliant indicated and inferred resource of 84.3 million tonnes at an average grade of 56.5% iron. The resource includes a JORC-compliant reserve of approximately 20 million tonnes grading more than 59% iron.

AAMC has struck an arms-length deal with Carey Mining, a successful and enduring Aboriginal mining contracting businesses owned by Mr Tucker, to establish a two-million-tonne-per-year mining operation at First Iron. The iron ore will be trucked 190km to Fortescue Metals Group's Cloudbreak hub under a landmark Iron Ore Sales and Purchase Agreement between AAMC and Fortescue.

AAMC expects first ore to be delivered to Cloudbreak during Q1 2020.

The NAIF-Westpac facility support, together with the equity component raised by Patersons, will enable the construction of site accommodation, a borefield, crushing plant and a 55km haul road to connect Great Northern Highway to the Cloudbreak hub.

AAMC will be well placed and fully funded to mobilise quickly to take advantage of the buoyant iron ore pricing currently evident in the market.

AAMC executed an Iron Ore Sales and Purchase Agreement with Fortescue in 2017 and followed up in 2018 with the acquisition of the Wonmunna iron ore project (since renamed First Iron).

AAMC's vision is based on the experience and beliefs of Mr Tucker, a proud Wongatha Mirning man and appointee to the inaugural Prime Minister's Indigenous Advisory Council.

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About Australian Aboriginal Mining Corporation

Established in 2013, Australian Aboriginal Mining Corporation Pty Ltd is a Perth-based, privately owned company with a core strategy to develop Australia's first substantive Aboriginal-owned, managed and operated iron ore mine in the central Pilbara region of Western Australia. Its board comprises highly experienced mining, contracting and finance executives and its owners include Traditional Owner groups from the Pilbara.

AAMC is committed to maximising the employment of Aboriginal people at every level of its operations and maximising Aboriginal equity participation in AAMC. AAMC will use the development of the First Iron Project to support the establishment of the Australian Aboriginal Mining Academy, which will provide employment, education and training for Aboriginal people and communities in the resources industry.

About NAIF

NAIF was established on 1 July 2016 by the *Northern Australia Infrastructure Facility Act 2016* (NAIF Act) and is a corporate Commonwealth entity. The objective of the NAIF Act is to provide financial assistance to the States of Queensland and Western Australia and the Northern Territory for the construction of infrastructure to benefit northern Australia. The NAIF may approve loans to 30 June 2021 with total \$5 billion in aggregate (with loan tenors of up to the longest term of Commonwealth borrowing).