



CASHMERE IRON

6th May 2021

CASHMERE IRON SECURES KEY PARTNERS FOR MAJOR MAGNETITE MINE DEVELOPMENT

Investment in Midwest Infrastructure

Cashmere Iron Ltd announces that it will participate in a Pre-Feasibility Study (PFS) to assess the potential development of key infrastructure to emerging magnetite iron projects in WA's Midwest region. Terms of the study are outlined in a Heads of Agreement (HoA) between Australian Gas Infrastructure Group (AGIG) - one of Australia's most experienced infrastructure developers and Perth-based company Cashmere Iron Ltd.

Under the HoA:

- AGIG will investigate the options for supplying gas, water, and slurry pipeline infrastructure as well as gas fired power (via a new connection to the AGIG-operated Dampier to Bunbury gas pipeline) and port facilities to the Cashmere Downs Iron Project
- As part of stage 1 of the project, 30 million tonnes per annum of magnetite concentrate would be exported through a port located in the Oakajee Strategic Industrial Area, near Geraldton.
- Subject to the outcome of the PFS, global mining company Anglo American would be a foundation offtaker for the project. Cashmere is the first customer to participate in the Midwest Shared Infrastructure Project, providing it with associated foundation rights.

This innovative commercialisation pathway was originally conceived by Verbrec's OSD Pipelines. AGIG has subsequently worked with Midwest mine project owners to develop a base understanding of how best to bring new energy and other major infrastructure requirements to the emerging regional Mid-West mineral hub. Having completed this early-stage design work and gained an understanding of the scale of the opportunity, AGIG has agreed to jointly fund the PFS alongside Cashmere.

Cashmere's CEO, David Hendrie said: "This is an exciting development for our Cashmere Downs Project. The AGIG/OSD infrastructure proposals will significantly reduce non mining infrastructure costs by an estimated \$1.8 Billion with AGIG's cost of capital and long amortization period providing Cashmere with a modest annual cost for the provision on power, water, transport, and port facilities. The AGIG shared infrastructure creates the basis for massive regional scale which reduces our anticipated cost per tonne and allows Cashmere to focus on the development inside the mine gate.

AGIG's Chief Executive Officer, Mr Ben Wilson commented: "While this is early days, the HoA is a welcome initiative that puts in play a likely series of detailed feasibility studies which will inform new



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gas, slurry and water pipeline investment decisions that will match new magnetite mine development schedules.

“Our focus will be to look at new facilities that can be developed on a common user basis for upstream magnetite resource owners across the Midwest.

“Cashmere Iron is an early front-runner for its first stage 30 million tonne per annum magnetite mine. We also welcome strong WA Government support to assist this mining province realise its full potential.”

Offtake and Investment

Cashmere Iron Ltd has also signed a Memorandum of Understanding (MOU) with AGIG and Anglo American. The non-binding MOU provides for a period of exclusivity between the parties to negotiate investment, offtake and finance for the Cashmere Downs Project

Mr Hendrie said “We also look forward to working with Anglo American in relation to the offtake of the magnetite pellet feed and DSO product from the Cashmere Downs Project drawing on Anglo American’s deep knowledge of iron ore marketing and production experience from their similar equally high grade products elsewhere in the world, aligned with their sustainability initiatives”.

About Cashmere Iron

Cashmere Iron is an unlisted company that owns the ferrous mineral rights associated with the mining and exploration tenements which support the Cashmere Downs Magnetite Project. The project has an initial JORC 2012 compliant resource of 1.051 billion tonnes with in excess of 90% being in the indicated and measured categories. It also has an estimated deep target below this resource of a further 600-900 million tonnes. The project is made up of two limbs of a synclinal structure. The western limb is a continuous 20-kilometer ridge that averages 50-70 meters above the surrounding terrain. The eastern limb strikes for 17 kilometers and averages 40 meters above the surrounding terrain. Exploration and project work conducted demonstrates that the Cashmere Downs Magnetite Project provide scale (1.051 JORC 2012 resource with total potential of more than 8 billion tonnes) weight recovery (43%) grade (68.5% concentrate) and medium hardness of rock. To date Cashmere Iron has drilled over 50,000 meters of drilling and taken more than 6,000 DTR composite samples to determine the JORC resource. There remains significant potential to increase the resource with the potential for more than 8 billion tonnes generating generational mine life.

About OSD

OSD Pipelines is a subsidiary of Verbrec Limited which is a leading mid-tier engineering and project services company that supports customers across Australia, New Zealand, PNG, and beyond. The Verbrec group of companies serve the energy, infrastructure, and mining industries through their six service lines; asset management, competency training, digital industry, pipelines, power, and process plant, with capabilities that span across the entire life cycle of an asset. Verbrec is an Australian Securities Exchange listed company (ASX:VBC).



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About AGIG

Australian Gas Infrastructure Group has more than 2 million customers across every mainland state and the Northern Territory, 34,600km of gas distribution networks, more than 4,400km of gas transmission pipelines, 60 petajoules of gas storage capacity and remote power generation. AGIG's vision is to be the leading gas infrastructure business in Australia - by delivering for customers, being a good employer, and being sustainably cost efficient.

In 2017, Australian Gas Networks (AGN), Dampier to Bunbury Pipeline (DBP) and Multinet Gas Networks (MGN) came together to form AGIG. The combined distribution, transmission and storage assets make AGIG one of the largest gas infrastructure businesses in Australia.

AGIG has a strong record of performance, delivering over \$2 billion worth of projects on time, on budget and with safety a priority. A recent example of major project success is the new Tanami natural gas pipeline, built on budget in the Northern Territory for Newmont Goldcorp and commissioned in 2019 ahead of schedule.

David Hendrie
Director

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