

7 July 2017

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Dear Sebastian

Re: ElectraNet Revenue Proposal 2019-2023 – Eyre Peninsula Reinforcement

Adelaide-based Iron Road Limited (ASX: IRD) is the developer of the US\$3.7 billion *Central Eyre Iron Project* (CEIP), located on the Eyre Peninsula. The CEIP comprises a magnetite mining and minerals processing operation (mine) together with the required infrastructure to support the operation and logistics chain to market (including heavy haulage rail, power, water supply and a deep sea port).

The CEIP will provide tangible benefits for the duration of its operating life and beyond, supporting direct and indirect employment opportunities and upgrading regional infrastructure to the benefit of the wider community. The project is expected to create approximately 2,000 direct jobs during construction and +700 permanent jobs during operation.

The CEIP Mining Lease and Development Approval were granted by the South Australian Government on 3 May 2017. The rail and port component has been declared a Priority Project by Infrastructure Australia, one of only ten Projects nationwide, and the CEIP enjoys Major Project Facilitation by the Australian Government, the only South Australian project to receive this status.

Iron Road expects to make a Final Investment Decision (FID) by the end of 2017, with financial close expected during 2018. The Company is currently assembling a number of key project partners, with China Railway Group (CREC) pivotal to the commercialisation of the project. Three major banks have formally expressed interest in providing debt finance for the project and discussions with these entities are advanced.

A vital component for the CEIP will be the provision of a 275kV power transmission line to provide power to the mine site for the operation of the mine and beneficiation plant. The intention is that the project will link into the power grid at Yadnarie West substation. To do so requires upgrades to the existing grid and various substations. Iron Road will rely on existing transmission line easements to meet its project schedule and an upgraded double circuit 275kV transmission line from Cultana. A single circuit 275kV line is required from Cultana to Davenport. Additionally, a transmission line and substation is required for port operations at Cape Hardy, situated 20km north of Tumbay Bay.

Iron Road is supportive of ElectraNet's proposed contingent project for the Eyre Peninsula reinforcement and believes that full replacement of the Cultana to Port Lincoln transmission line is preferable to the alternative option of conductor replacement on the existing 132kV radial transmission line. The latter is unlikely to meet the future needs of Eyre Peninsula communities in terms of supply reliability and necessitates ongoing costs in Port Lincoln for generation support.

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Stocks".

Andrew Stocks
Managing Director