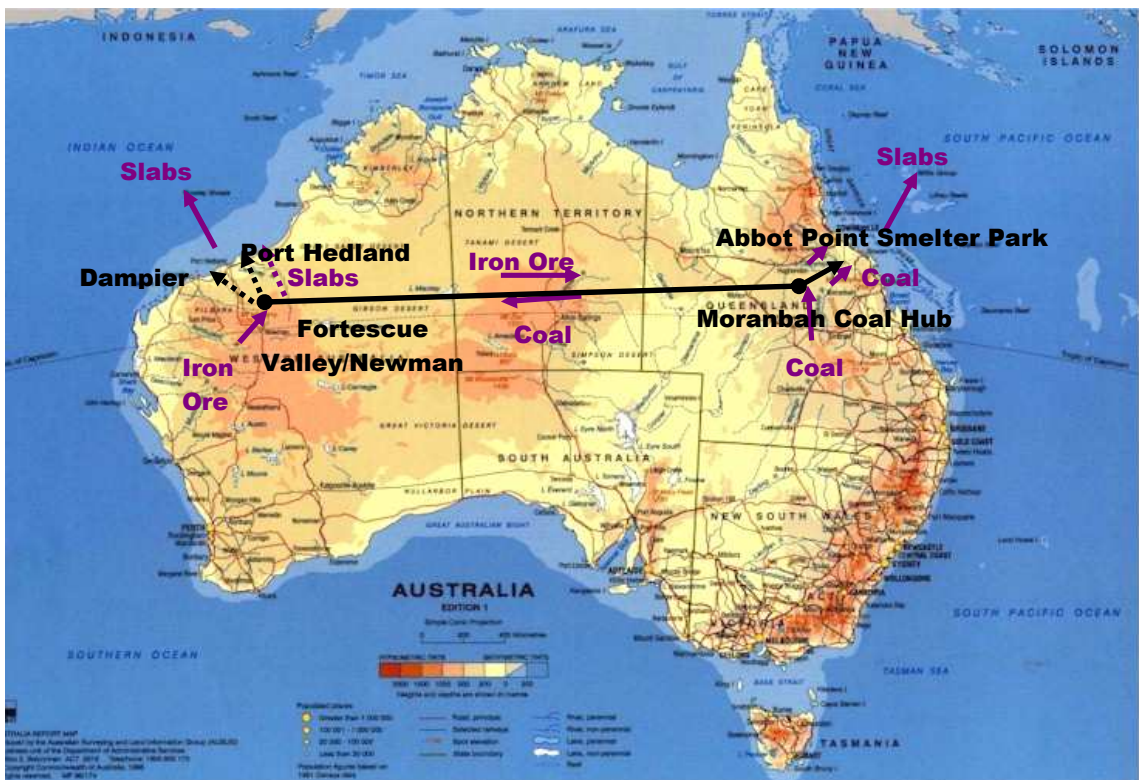




# The Australian East-West Line & Global Smelting Parks Project Brief



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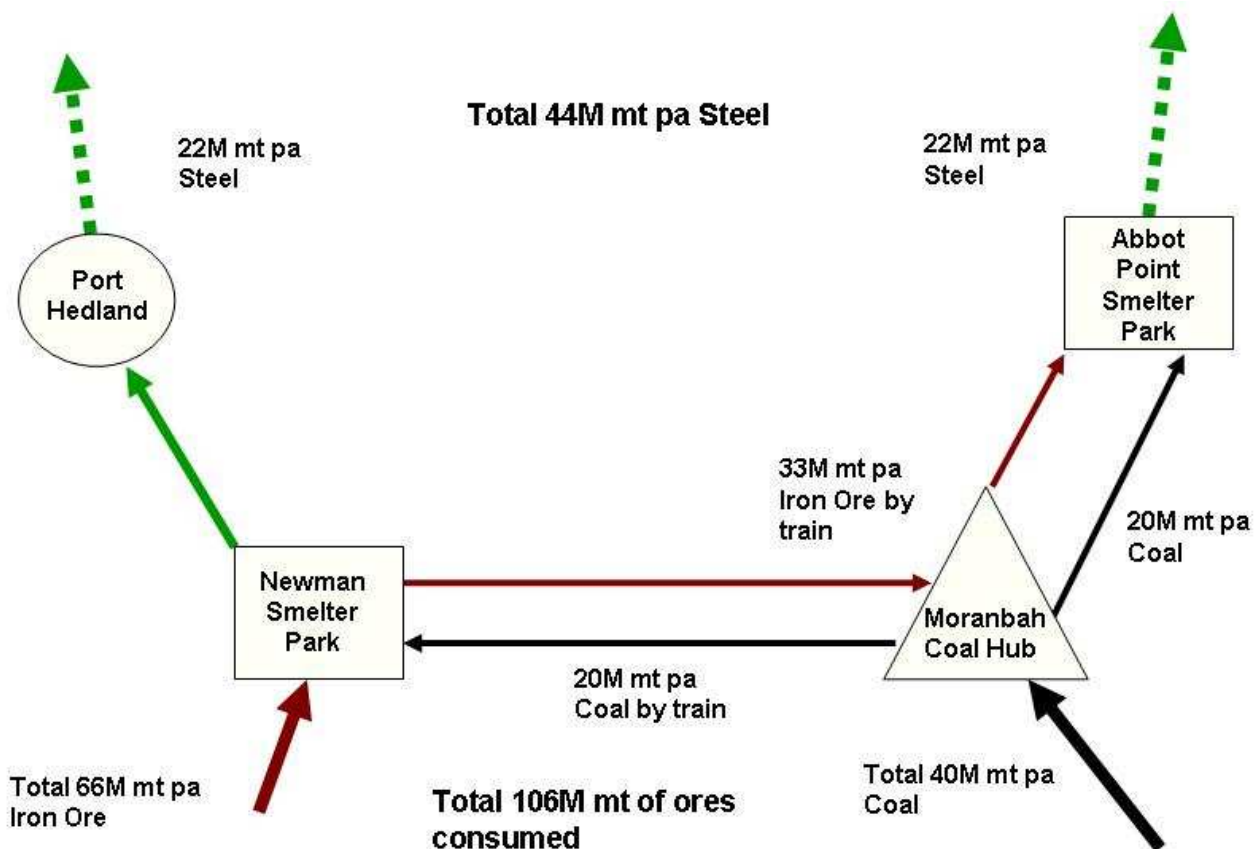
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## The Australian East West Line and Global Smelting Parks Project Brief

### 1. The concept

- To establish first stage iron and steel smelting park industrial precincts with 6 smelters located in each precinct, producing 3.6 M tpy each of slab/billet/blooms. A PIB Stage -1 total of 12 smelters.
  - Located at each end of the continent, at the iron ore and coal mines or at their coastal ports.
  - Stage -1 PIB planned precincts located at Newman Fortescue River Valley in Western Australia (WA) and at Abbot Point Precinct in Queensland (QLD) (near Bowen, N-Qld).
  - The smelting parks will be linked by a new heavy gauge inland east west railway line (40 mt axle loading) of over 3,300 kilometres and connect to existing rail line systems. PIB trains will effectively run inland direct from the mine sites to the smelters, in the majority of cases.
  - To carry only one ore the long distance, east or west, together with the locally sited short distance ore direct rail deliveries, to the industrial smelter park precincts.
  - Linking Australia’s great export iron ore, coking coal and energy coal mines.
  - The project can also utilise the globally sustainable and abundant natural gases available (coal seam methane gas in Queensland and natural gas in Western Australia)
  - Adequate identified quality sustainable water supply exists at both precinct sites.



- Global iron and steel producers are invited to form a PIB steelmakers’ majority led consortium, after equally and collectively contributing to the Bankable Feasibility Study in order to secure! 1/ a BF place in the queue of 1-12; 2/ a consortium shareholders’ exclusive share offer; 3/ Australian Governments regulator EWLP compliance approvals to build the Blast Furnaces located within the industrial precinct smelter parks.
  - To jointly and equally fund the two year Feasibility Study from 12 steelmaker BF positions and 3 associate investor consortium partner positions; from China, India, Japan, South Korea, USA and EU. Total of 15 x A\$10m ea = A\$150M for the Study.
  - Steelmakers will help design and direct the project through a management advisory committee, and also design, build and construct their own highly efficient first-stage standardised and modular constructed iron and steel plants within the PIB shared services industrial precincts connected by the line.
  - Australia is the leading world exporter of seaborne steelmaking materials,
    - With approximately 40% of the world’s seaborne iron ores and around 60% of the world’s seaborne quality coking coals,
    - Around ½ of the worlds “seaborne iron and steel making materials” supply.
    - The new PIB east-west continental rail line will open up significant new inland mines at both ends of the continent also connecting with the new N -S central rail line to Adelaide and Darwin, offering the steelmakers a maximum sustainable long-term choice of supply, ore blend and infrastructure delivery.
      - *Note: While Australia offers a highly skilled workforce PIB will formally negotiate conditional five year project skilled working visas, based on a 50% international participating workforce for each client steelmaker!*
- The First-Stage iron making plants will produce three times consolidated products (primarily slabs, billets or blooms) to be sent to Second-Stage Rolling-Mills.
  - Ships can be three times smaller and return with cargoes to Australia after delivering to the international steelmaker’s second stage mills, located within their mass market geographical distribution hubs.
  - This will allow for more efficient and sustainable management of the importing nation’s scarce natural resources and overstretched infrastructures.
  - The project requires global co-operation, vision and collective commitment for mutually sustainable economic business advantage with climate and social people-to-people factor advantages for the major trading nations as a bonus.
- Current “PIB cost-of-production fob slab steel pre-feasibility study figures indicate a US\$106 t distinct production cost comparison advantage, under the 2007 world industry benchmark of US\$340 t, after discounting the PIB rail and industrial smelter park freights, administration and service charges. Ref: Notes below!
  - *The PIB fob cost-of-production slab steel “pro-active” table emanates from over 50 pre-feasibility PIB updated Sept 2007 spreadsheets, which will be supplied within the pre-feasibility report for use by the PIB confidentiality agreement signed global steel companies to discover their individual PIB slab production advantage as compared to their current locations and operating systems.*
  - *The pre-feasibility report clearly indicates that PIB will be the best most competitive and sustainable scale place on earth to make 1<sup>st</sup> stage steel.*
  - *Variables apply in each steelmaking nation and to each steelmaker re supply/availability/sustainability and quality mix factors and on the respective supply-chain and production adjusting costs etc. Therefore each steelmaker will be able to apply their own best and worst attributes within the PIB table to indicate their own PIB advantage.*
- The project concept is designed to correct and generate significant positive global industrial scale reductions, carbon emissions “carbon credits” which are proposed to realise significant tradable shared carbon bonus incomes distributed to PIB located world

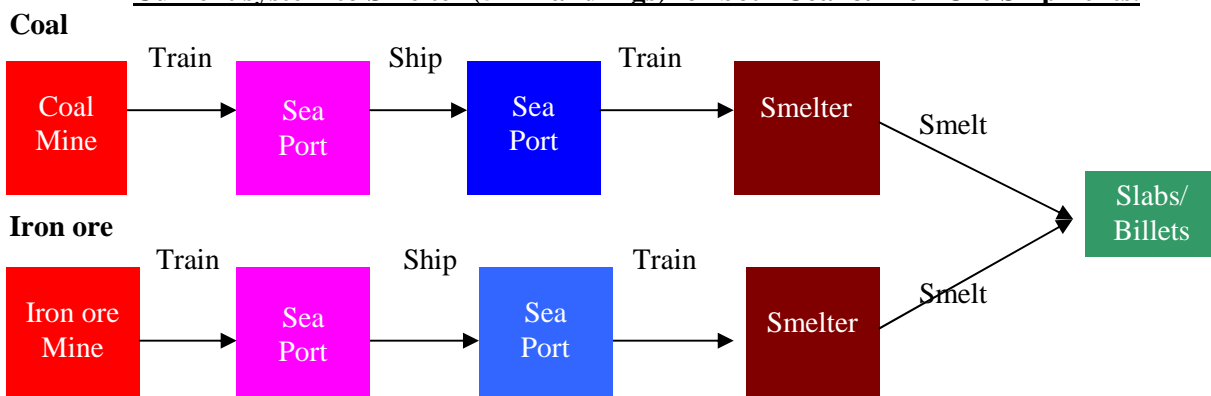
steelmaker customers and the PIB shareholders. World steel will be more competitive and efficient.

- To fully develop and enhance the PIB climate change global credentials to the benefit of participating major trading nations and the investors!
- By dramatically correcting the current supply chain inefficiencies, consolidating both primary ores by three times, before shipping, allowing the access to three times smaller Panamax ships, which in some cases will reduce direct shipping delivery sea distances via the Sues and Panama Canals by 2-3 times.
  - Indicating overall carbon emission efficiency reductions of 30% in real terms by PIB against the current operating systems.
- We expect these gains to further significantly improve when quantified during the progressive PIB Feasibility Study.

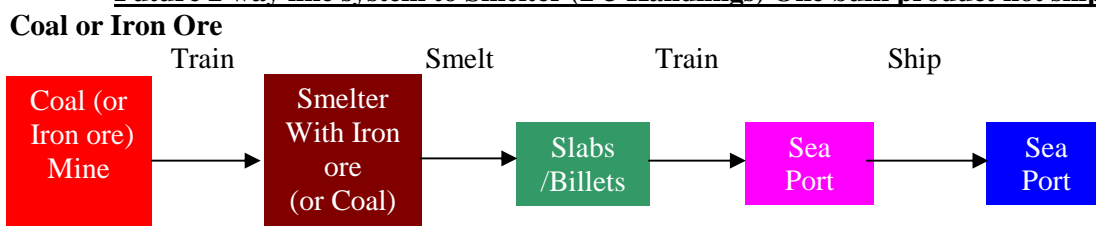
## **2. Economic Advantages: Global Steelmakers Fundamental Key Points Summary.**

- Currently there are 5 to 7 major ore freight and handlings for each ore to China/Japan/Korea etc reduced by PIB to 2-3 major freight and handlings with only one ore to be transported the long rail distance direct from the mine site to the door of the PIB blast furnace.

### **Current system to Smelter (5-7 Handlings) for both Coal & Iron Ore Shipments.**



### **Future 2 way line system to Smelter (2-3 Handlings) One bulk product not shipped!**



- EW Line parks require significant long-distance transport of only one resource commodity. Either iron ore or coal will be carried on long distance rail line, which will be located at a terminus park/precinct designated sites where the other commodity resides for short-distance deliveries.
  - The EW rail system will be fully utilised with full freights in both directions, whilst currently the massive bulk ships and trains have empty trip returns to and in Australia for re-loading.

Importing countries also have empty freight returns for the bulk ships and trains, in duplication.

- In addition, the rail provides for cost effective transportation for alternate disposal of waste into empty mine sites. The incorporation of carbon capture and storage may also apply.
- Ships can be 3x smaller
  - Smaller ships will be able to go through the Panama and Suez Canals.
  - 3 x shorter sea distance to EEC and E-coast USA markets.
  - Opening up new cost competitive accessible markets to USA and EU (Mediterranean)
  - Such ships can then support normal back freight shipping loadings with associated lower freight cost efficiencies.
- Major savings in the construction and operation of the smelters occur, by locating six or more blast furnace units together in close proximity within in each precinct, by sharing and saving up to 30-40% of normal standalone blast furnace steel mill capital and operational services costs.
  - By sharing plant and equipment, services and infrastructures, significant savings associated with reduced production, energy and operations costs occur. Precinct Operational Shared Cost Economics!
  - Environmental outcomes will reflect these efficiencies.

### **3. Capital, Operational Expenditures and Environmental Consolidation Savings.**

- **Key PIB economic concept and strategy points** offer unique complete project attributes for compelling competitive operations location advantages!
  - i. **Blending beneficiations of magnetite and hematite ores** for long-term blast furnace “**perfect chemical blend mix**” continuous quality adjustment to supply orders, favouring internal BF operational economics, offer 10 -15% net internal OPEX savings.
  - ii. **Standardisation of blast furnaces** with flexibility for internal operations and quality adjustments indicate \$300-400m ea per unit savings per blast furnace.
  - iii. **Pre- fabrication and modular construction of blast furnace units** in 50/100/200 mt bolt-together type modules offer \$300-400m each in capital cost savings.
  - iv. **Precinct economics for OPEX and CAPEX shared services** have the potential of saving \$100's of millions in interest rates alone with similar cost savings in long-term operational costs!
  - v. **Supply chain consolidations** of coking and thermal coals + iron ore and natural gas/coal-seam-methane gases, indicating around 20-30% savings.
  - vi. **Carbon credits generated** on new for old replacements and from the above features will be an additional positive attribute that has not yet been quantified!
  - vii. **Feasibility collective PIB Bankable Feasibility Study approval cost savings** are very significant as against a similar stand alone BF in Australia / OECD Government for a build and construct approval. The PIB steelmaker customers are proposed to have at the end of our bankable feasibility study, Australian regulatory “approvals” to build their PIB blast furnace unit's. PIB BF unit AUD\$10m each. This favourable compares to a stand alone similar project unit feasibility cost approval of AUD\$45-55m; a unit PIB reduction saving of around AUD\$40m, for each independent approval.
  - viii. **For the Government Regulators** the PIB group consolidated approach is most attractive, to the approval stage, by processing 1 instead of 6.
  - ix. **Develop industry environmental benchmark leadership standards** and potentials through collective shared precinct offer greater affordability management control.

- x. Finally! **The PIB infrastructure “takeout expansion capital savings/congestion growth factor”** (pre-feasibility study spreadsheet model show 106m tpy of ores being replaced by 44 m tpy of slab steel) for capital expenditure savings of **US\$9 billion**.

*Note: The above pre-feasibility researched competitive advantage points are conservative indications and are compared and based on a standalone OECD constructed first stage blast furnace slab steel production unit, each producing 3.6 m hot-metal tpy costed at a mean average OECD design build and construct cost of US\$2 ¼B each, as compared to a PIB constructed prefabricated modular constructed 6 standard units, built in China/India and delivered to Australia PIB precinct location at US\$1¼ B. Indicating PIB BF unit CAPEX savings of US\$1B each.*

*Note: Some global steelmakers have stated that PIB BF customers can possibly match, design build and construct their blast furnaces “at cost” competitively as cheap as China, under the unique PIB collective advantage concept and strategy.*

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### **The EW Line Parks Project Schedule and Agenda.**

- **December/January 2008/9: 300 - Page, PIB Pre-Feasibility Study Written Report** delivered worldwide in English & Mandarin!
- **February 2010: Feasibility Contract Commitment Discussions** : PIB scheduled for China – India - Japan - Korea & Taiwan; leading to contract Commitment to the Bankable Feasibility Study led by global steelmakers and interested associate and investor PIB consortium parties. Refer to EWLP web site for agenda dates and schedules.
- **February 2010: Feasibility Study Begins! – 2 ¼ years! Possible fast-track accommodation by Australian Governments.** Overall Project Feasibility Research Planning & Design, Government Approvals Equity and Debt Planning acquire lands and access, administered by EWLP and the joint feasibility consortium advisory board as formed and approved. Consortium members share capital is to be committed to the public unlisted company at the end of the bankable feasibility study.
- **2012: Construction Schedule to begin: – 3 years!** Rail line and rolling stock equipment built and supplied, PIB Industrial Smelting Park lands prepared and the at least 2 blast furnaces constructed at each end ready for the first conjoint operations to begin.
- **2015/6: Smelter Park units commence production and first PIB trains run:** PIB customer/shareholder global steelmakers/investors/associates will invite their national heads of government’s to celebrate and ride on the first train continental crossing.

*Note: Please refer to our web site for regular updates on the project progressive announcements!*

**Web: [www.ewlp.com.au](http://www.ewlp.com.au)**