A Competitive Advantage in Iron Ore

Resource + Infrastructure + Markets = A World Class Iron Ore Project

The Roper River Iron Ore Project

Greg Bittar, CEO – October 2010
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This presentation contains forecasts and forward looking information. Such forecasts, projections and information are not a guarantee of future performance, involve unknown risks and uncertainties. Actual results and developments will almost certainly differ materially from those expressed or implied.

There are a number of risks, both specific to Sherwin Iron and of a general nature which may affect the future operating and financial performance of Sherwin Iron and the value of an investment in Sherwin Iron including and not limited to economic conditions, stock market fluctuations, iron ore demand and price movements, timing of access to infrastructure, timing of environmental approvals, regulatory risks, operational risks, reliance on key personnel, reserve and resource estimations, native title and title risks, foreign currency fluctuations, and mining development, construction and commissioning risk.

Sherwin Iron’s production target is based entirely on an assessment of the potential to convert Inferred and Indicated Resources to Probable Ore Reserves. The Company is yet to report a Probable Ore Reserve for the Roper River Iron Ore Project. As such there remains at present insufficient certainty with respect to whether economically mineable mineralisation exists to reliably estimate future production at Hodgson Downs. The Company’s production target is subject to completion of feasibility studies, permitting and execution of all necessary infrastructure agreements.

You should not act or refrain from acting in reliance on this presentation material. This overview of Sherwin Iron does not purport to be all inclusive or to contain all information which its recipients may require in order to make an informed assessment of the Company’s prospects. You should conduct your own investigation and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this presentation before making any investment decision.

JORC – Exploration Targets: This presentation comments on and discusses Sherwin Iron’s exploration in terms of target size and type. The information relating to Sherwin Iron’s exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource.
An Emerging Iron Ore Province

**Strategic Location:**
- 475km SE of Darwin
- 80km E of Mataranka, Gas Pipeline, Stuart H’way
- 125km E of Darwin-Adelaide Railway Line
- 100km W of Gulf of Carpenteria
- Intersected by sealed Roper H’way
Large Scale Project – 3,500km²

Hodgson Downs:
- Aboriginal freehold land
- BHP-identified deposits
- 80-150Mt of higher grade ore potential

Sherwin Creek/Mount Scott:
- 220Mt of ore potential at A-E Deposits
- +100Mt ore potential at G-L Deposits

Central Prospects:
- High potential for undercover extensions to outcropping mineralisation

Eastern Prospects:
- High potential for large tonnage extensions to WDR Roper Bar Iron Ore Project resource on EL 26412
  - Direct extension into this area
Substantial Exploration Targets

Exploration Target\(^1\) of 500Mt+ @ 40-55% Fe for overall Project

- JORC resource for W Deposit of 100Mt @ >48% Fe
- Hodgson Downs comprises W Deposit and other BHP identified deposits (T, U, V, X, and Y)
- Exploration Target\(^1\) for Hodgson Downs of 80-150Mt @ 48 – 58% Fe
- Existing resource and extensive recent drilling provides potential to exceed Hodgson Downs Exploration Target\(^1\)

Production from Hodgson Downs by 2012

\(^1\) The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resources.
Hodgson Downs – Resource and Development

- 6 deposits – approx 25km strike
- Exploration Target\(^1\) of 80-150Mt @ 48 – 58% Fe:
  - Easily Upgradeable – met shows crushing and gravity achieves
    - ~58-60% Fe and Silica < 10%
  - Low impurity levels (P, Al\(_2\)O\(_3\) etc)
- W Deposit JORC resource
  - 100Mt at >48% Fe (40% Fe cutoff)
- Scoping Study demonstrates strong potential
- Development strategy
  - Infill drilling to upgrade the resource
  - Geotechnical and metallurgical studies
  - Feasibility Study progressing

\(^1\) The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resources.
Hodgson Downs – Iron Formation

Legend
- Oolitic iron formation (>40%Fe)
- Sandstone/siltstone ferruginous rich quartz
- Mainly siltstone/shale

SHERWIN IRON
Roper River Project
Hodgson Downs – W Resource Categorisation (See App A)

<table>
<thead>
<tr>
<th>Category</th>
<th>Tonnes (Mt)</th>
<th>Fe (%)</th>
<th>Al₂O₃ (%)</th>
<th>P (%)</th>
<th>SiO₂ (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inferred</td>
<td>72</td>
<td>47.7</td>
<td>2.55</td>
<td>0.07</td>
<td>18.5</td>
</tr>
<tr>
<td>Indicated</td>
<td>28</td>
<td>49.8</td>
<td>2.85</td>
<td>0.08</td>
<td>19.5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>48.3</td>
<td>2.63</td>
<td>0.08</td>
<td>18.8</td>
</tr>
</tbody>
</table>

W Deposit JORC Resource (40% Fe lower cut off grade, SG 2.7)
Preliminary Met Testwork – a highly saleable product

- Demonstrates enhancement of Fe and reductions in silica
- Testing on bulk sampling averaging 45% Fe and 27% silica
  - Enhanced to 53% Fe and 16% silica through density separation only
  - Further testing utilising grinding produced 57% Fe and a silica level below 10%
- Mineralogy demonstrates upgrade potential
  - PQ diamond core taken from W and X Deposits will form the basis of more detailed met testing now being undertaken

**SPECTRUM**

<table>
<thead>
<tr>
<th></th>
<th>O</th>
<th>Mg</th>
<th>Al</th>
<th>Si</th>
<th>Cl</th>
<th>K</th>
<th>Mn</th>
<th>Fe</th>
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<td>68.00</td>
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</table>
Infrastructure – while others wait…

Initial Production
- Road to Rail:
  - Existing Roper Highway or dedicated haul road ~130-150km
- Rail to Darwin Port:
  - Capacity with passing lanes
  - Rail operator discussion underway
Darwin Port – Heads of Agreement

- Reclaiming stockpile area gives immediate +2Mtpa capacity
- Further capacity expected to become available
- Improvement and expansion plans to deliver substantial capacity increases longer term
The Market – an existing customer

- Heads of Agreement with leading Chinese steel mill Jiangyin Huaxi Steel Co Ltd for potential off-take of 1Mtpa for 5 years
  - *Subscribed for $4.8M placement*
- Strong interest from other Asian-based steel companies seeking off-take opportunities
- Independent analysts forecast continuing strong demand for Australian iron ore from Asian steel mills
- Chinese steel mills keen to diversify supply away from the world’s “Big Three” iron ore producers
  - *Also provides geographic diversification*
Scoping Study – Hodgson Downs (see Appendix B)

- Demonstrates the Project's technical and financial strength
  - Based on Hodgson Downs Deposits alone
- Initial production in 2012
  - @ 2Mt pa, increasing to 4-5Mt pa
- Preliminary met indicates product of above 57% Fe, low impurities
- Access to existing infrastructure, reduces capex required
  - $95 - $180m depending on haulage solution adopted
- Cash operating costs $52 to $57 per tonne
- Very attractive NPVs and IRRs
  - 36% – 58%
- Current JORC resource of 100Mt
  - Only from W Deposit - potential to support a 20+ year mine life
  - Other deposits within Hodgson Downs provide potential for substantial upside
## Indicative Development Timetable – Hodgson Downs

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tbody>
<tr>
<td></td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
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<tr>
<td><strong>Initial JORC</strong></td>
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<tr>
<td><strong>Scoping Study</strong></td>
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<td><strong>Logistics Discussions/MOU’s</strong></td>
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<td><strong>Feasibility Study</strong></td>
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<tr>
<td><strong>Bankable Feasibility Study</strong></td>
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</tbody>
</table>

### Production Preparation:

- **Port (3rd party)**
- **Railway (3rd party)**
- **Roads**
- **Mining/Plant**

**Environmental Approval**

**Mineral Lease**

**Production Commencement**
Management and Capital Structure

Building a strong management team...

Greg Bittar – CEO
- Joined March 2010 from Morgan Stanley. Extensive resources related finance and investment banking experience

Neil Biddle – Technical Director
- Geologist with over 25 years of resource sector experience across precious and base metals and bulk commodities

John Berry – GM, Project Development
- Over 20 years of resource sector experience, most recently Project Development Director for FerrAus
- Overall Project Development responsibility

Anthony Peterson – GM, Exploration
- Senior geologist with extensive site and project management experience
- Most recently with FerrAus and Brockman Resources

Paul Lynch – GM, Mine Development and Operations
- Mechanical engineering background with expertise across mine development and operations

Stacey Apostolou – Commercial and Coy Secretary

Eddie Fry – Indigenous Relations Consultant

Capital Structure
- Issued Ordinary Shares 303M
- Listed Options (13.5c) 167M
- Unlisted Options (32c) 43M
- Fully diluted 513M shares
- Cash proceeds from option exercise of $36M

Balance Sheet (30 Sept 2010)
- Cash $4M
- Receivables $6.5M
- Investments $2.9M
- Payable $4M
Future Development Potential

Hodgson Downs Deposits
- Initial production in 2012, initially 2Mt pa with ramp-up to follow
- Will support a much larger, long term operation

Sherwin Creek/Mount Scott Deposits
- Upside potential 10Mt+ pa operation
- Potential for rail spur
- Darwin Port – existing capacity, capacity to become available in 2013 and planned upgrades deliver substantial capacity
- Innovative thinking about Gulf of Carpentaria as an additional transport route
Summary – A World Class Opportunity

**Short Term Production**
- Initial Resource and Upside from Exploration Targets
- Existing infrastructure with capacity
- Management team in place
- Highly saleable product with strong market potential

**Project Potential**
- Sherwin Creek and Mount Scott
  - Additional identified deposits, close to Hodgson Downs
- Central and Eastern prospects
  - Extensive areas extending east to neighbor Western Desert’s Roper Bar Iron Ore Project

¹ The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.
SHERWIN IRON

(ASX Code: SHD)

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Greg Bittar – greg.bittar@sherwiniron.com.au
Appendix A – Mineral Resource Estimate – W Deposit

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W Deposit JORC Resource (40% Fe lower cut off grade, SG 2.7)

Competent Persons Statement

Mineral Resource Estimate

The information in this report that relates mineral resource estimation is based on work completed by Mr Peter Gleeson who is a full time employee of SRK Consulting (Australasia) Pty Ltd and a member of the Australian Institute of Geoscientists. Mr Gleeson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Gleeson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The exploration data and geological interpretations on which the Mineral Resource estimate is based have been compiled by Mr Tony Ryall who is a member of the Australian Institute of Mining and Metallurgy. Mr Ryall is a full time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Ryall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration Results

The information in this report that relates to Exploration Results is based on information compiled by Mr Neil Biddle who is a Member of the Australasian Institute of Mining and Metallurgy and a Director of Sherwin Iron Limited. Mr Biddle has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Biddle consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.
### Key Assumptions:

- **Production increasing to 4Mt per annum by 2014/2015**
- **Iron ore price initially of US$1.40/dmtu trending down to US$1.15/dmtu**
- **AUD/USD exchange rate down to $0.80 by 2012, thereafter trending towards long term average of $0.75**
- **Total operating costs for contract mining and processing, road, rail and port (FOB Darwin), excluding royalties and administration/corporate overhead costs**
- **10% discount rate**
- **Valuation date 1 July 2011**

### Haulage Alternative Costs and Financials

<table>
<thead>
<tr>
<th>Haulage Alternative</th>
<th>Capex ($M)</th>
<th>Cash Op Costs ($/tonne)</th>
<th>Sales (Mt)</th>
<th>NPV ($M)</th>
<th>IRR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Road to Mataranka - Existing Roper Highway (upgraded) Rail to Darwin Port</td>
<td>95</td>
<td>55-57</td>
<td>50</td>
<td>337</td>
<td>58</td>
</tr>
<tr>
<td>2. Road to Mataranka - Private Haul Road (road reserve) Rail to Darwin Port</td>
<td>180</td>
<td>52-54</td>
<td>50</td>
<td>313</td>
<td>36</td>
</tr>
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