Sherwin Iron (ASX: SHD) has reached an agreement with the Northern Land Council on the terms required for the company to mine the Roper River Iron Ore Project, 500 kilometres southeast of Darwin.

The agreement, ratified at a full council meeting of the Northern Land Council today, is a critical milestone in securing the future of the mine as well as providing substantial benefits to the traditional owners and native title holders of the mine.

The agreement, which is subject to Northern Territory Government Ministerial approval, covers mining and exploration over all Sherwin Iron tenements and includes royalty payments and indigenous employment targets.

The Roper River Project has a current resource of 488 million tonnes and comprises several major deposits including Hodgson Downs, Mount Fisher, Sherwin Creek, Mount Scott and Yumanji.

It is expected that up to 200 people will be employed during construction of the mine, with 400 jobs created once fully operational.

At least 200 million tonnes of ore is expected to be produced over the mine life, including an initial 40 million tonnes of high value direct shipping ore (DSO).

Direct investment in the mine is estimated to be $800 million over the life of the project, which includes mine infrastructure, beneficiation facilities, camp, transport infrastructure and environmental control processes.

The project was granted Major Project Status by the Northern Territory Government earlier this year.

Sherwin Iron is currently moving through environmental assessment and community consultation ahead of lodging a Notice of Intent with the Northern Territory Government later this month.

Work is continuing on completing an Environmental Impact Statement and advancing towards receiving all regulatory approvals.

DSO production is slated for late 2013.

Sherwin Iron recently upgraded virtually 100% of its Inferred DSO resource to the higher confidence Indicated category following infill drilling at the Sherwin Creek Deposit C.

The company remains well funded to advance towards production with around A$1.3 million in cash at the end of the September 2012 quarter.
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