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ASX ANNOUNCEMENT **ASX Code : MGX**

7 March 2014

Acquisition of Shine Hematite Project Completed

Highlights

- Updated Hematite Mineral Resource Estimate of **7.8 Mt @ 59.0% Fe** using a 55% Fe cut-off
- Maiden Hematite Ore Reserve Estimate of **5.6 Mt @ 59.3% Fe**
- An additional **0.8 Mt @ 57.9% Fe** of Inferred Mineral Resource is contained within the Shine pit shell
- Targeted DSO production rate of **1.6 million tonnes per annum** based on Ore Reserves
- Indicative development capital cost of **$9-11 million**
- Indicative average total cash operating costs estimated at **approximately $75 per tonne of ore sold**
- Further enhancement expected from comprehensive optimisation programme now underway
- Targeting mining commencement **by the end of calendar 2014** and first ore sales in the **March Quarter 2015**

Mount Gibson Iron Limited (**Mount Gibson**) advises it has completed the acquisition of the advanced Shine hematite iron project from Gindalbie Metals Ltd (**Gindalbie**), which is located approximately 250 kilometres east of Geraldton in the Mid West region of Western Australia.

The acquisition, for up-front cash consideration of $12 million, is consistent with Mount Gibson's strategy to grow its mining and exploration footprint around its existing Mid West iron ore operations and transport infrastructure.

Mount Gibson Chief Executive Officer Jim Beyer said: "We are extremely pleased to have completed our acquisition of the Shine Hematite Project, and are eager to move it into the production phase as quickly as possible, once a final development decision is made.

"Shine represents a high quality opportunity for near-term development involving extremely low levels of capital investment, and which can partly offset the scheduled closure of the Company's Tallering Peak mine in the second half of 2014.

"Our initial review of the extensive technical work already undertaken has confirmed Shine as a robust development opportunity. We now look forward to applying Mount Gibson's proven optimisation capabilities as we accelerate to a development decision in connection with the Project over the coming months, with a view to commencing mining by the end of this calendar year."

Overview

Shine is located approximately 85 kilometres north-north west of Mount Gibson's operating Extension Hill iron ore mine, and approximately 200km by road from Mount Gibson's rail siding at Mullewa, from which it presently rails ore from its Tallering Peak mine. Shine is also approximately 30km north-west of the Plateau iron prospect at the Company's Fields Find exploration project[1].

Under the terms of the Shine purchase agreement, Mount Gibson has acquired all iron ore mining and development rights associated with the Shine Project Area (**SPA**) on three granted mining leases held by a third party. The SPA covers approximately 6.5 square km hosting the Shine Mineral Resource.

Substantial exploration and feasibility activities have previously been undertaken with regard to the Shine Project, including the receipt of major regulatory approvals needed to proceed with development.

Since agreeing to acquire the Project, Mount Gibson has reviewed the technical work completed to date and updated the Shine Hematite Mineral Resource Estimate in accordance with the *2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.*

This review confirmed Total Hematite Mineral Resources (Measured, Indicated and Inferred) of 6.1 million tonnes at an average grade of 59.8% Fe using a 57% Fe cut-off, as previously reported[2]. Applying a more optimal cut-off grade of 55% Fe, the total Hematite Mineral Resource Estimate is **7.8 Million tonnes (Mt) at an average grade of 59.0% Fe**[3].

A Maiden Ore Reserve Estimate has also been completed **based on the existing Gindalbie data**, but incorporating Mount Gibson's indicative transport and export arrangements and capital cost estimates.

On this basis, Total Proved and Probable Hematite Ore Reserves are estimated at **5.6 Mt at an average grade of 59.3% Fe** using a cut-off grade of 55% Fe.[4] In addition to this Ore Reserve Estimate a further 0.8 Mt of Inferred Resource grading 57.9% Fe is contained within the pit shell. This Inferred material, totalling 13% of the mineralised inventory of the pit, has not been included in the project economic assessment.

The technical studies support a target DSO hematite production rate of approximately 1.6 million tonnes per annum, based on the reported Ore Reserves. Including the Inferred Mineral Resource contained within the Shine pit shell, the project has an indicative mine life of approximately four years. There is a low level of geological confidence associated with Inferred Mineral Resources and accordingly there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. Measured and Indicated Mineral Resources are reported inclusive of Ore Reserves.

Mount Gibson has determined an indicative development capital cost of approximately $9 - 11 million, on the basis that third party road, camp and other infrastructure in the nearby region will be available for use by the Company. Initial discussions have already commenced with third parties regarding this access.

Operating costs are anticipated to be broadly consistent with those of the Company's existing Mid West operations, and reflect current mining contractor quotations and the Company's existing transport arrangements. Indicative average total cash operating costs are expected to be approximately $75 per tonne of ore sold, Free On Board (FOB) at Geraldton Port, exclusive of State Government royalties.

The technical study assumes, as a base case, that ore is crushed on site and trucked approximately 200km by road to the Company's Ruvidini rail siding at Mullewa, from where it will be railed to Mount Gibson's export facilities at Geraldton.

Having completed the acquisition, Mount Gibson will immediately commence more detailed optimisation studies as part of its development planning for the Shine Project. Mount Gibson expects further improvements as this work is completed and implementation commences.

[1] *Refer Appendix A, Figure 1.*
[2] *Refer ASX release 9 December 2013.*
[3] *Refer Table A.*
[4] *Refer Table B.*

Given the advanced state of the Shine Project, Mount Gibson expects to complete this work in the June quarter of 2014, and is targeting mining commencement by the end of 2014.

Updated Mineral Resource Estimate

In August 2012, Snowden Mining Industry Consultants ("**Snowden**") completed a Mineral Resource estimate for the Shine iron ore deposit for Gindalbie, which was reported and classified based on the guidelines of the 2004 edition of the JORC Code. Mount Gibson agreed to acquire the Shine project from Gindalbie in December 2013 and engaged Snowden to update the Mineral Resource statement for the Shine deposit in accordance with the guidelines of the 2012 edition of the JORC Code as shown in Table A.

In addition to the Hematite Mineral Resource, a magnetite Inferred Mineral Resource of 4Mt @ 41.1% Fe, 28.0% SiO2, 2.61% Al2O3 and 6.37% LOI using a 0% cut-off was also reported by Gindalbie in August 2013[5]. However, Mount Gibson does not consider this reported magnetite resource to be material to the Company or to the Shine project.

The total Hematite Mineral Resource is estimated as 7.8 Mt at an average grade of 59.0% Fe using a cut-off of 55% Fe. Mineral Resources are reported inclusive of Ore Reserves.

Table A: Shine Hematite Mineral Resource (55% Fe cut-off) inclusive of Ore Reserves

Resource Category	Tonnes (Mt)	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Measured	2.65	59.7	7.58	2.18	0.085	4.18
Indicated	4.17	58.7	9.14	1.72	0.078	4.06
Inferred	0.95	58.0	9.80	1.51	0.079	4.68
Total	**7.8**	**59.0**	**8.69**	**1.85**	**0.080**	**4.18**

Small discrepancies may appear due to the effects of rounding

A summary of the *JORC Code*, 2012 Edition Table 1 for Shine is provided in Appendix B.

Maiden Ore Reserve Estimate

Ore Reserves at the Shine deposit have not previously been reported. In December 2013, Mount Gibson engaged Coffey Mining Pty Ltd ("**Coffey**") to review and update an economic evaluation of mining the Shine Hematite Resource that had previously been completed by Gindalbie.

This information was combined with Mount Gibson's haulage and port assumptions to determine Ore Reserves for the Shine project in accordance with the JORC Code, 2012 Edition and the current version of the ASX Listing Rules, as shown in Table B.

The Total Proved and Probable Hematite Ore Reserves are estimated at 5.6 Mt at an average grade of 59.3% Fe using a cut-off grade of 55% Fe. Mineral Resources are reported inclusive of Ore Reserves.

Table B: Shine Hematite Ore Reserves (55% Fe cut-off)

Classification	Tonnes (Mt)	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Proved	2.2	60.0	6.88	2.33	0.080	4.32
Probable	3.4	58.9	8.92	1.79	0.077	4.10
Total	**5.6**	**59.3**	**8.12**	**2.00**	**0.079**	**4.19**

Small discrepancies may appear due to the effects of rounding

In addition to the reported Ore Reserve there is an estimated Inferred Resource of 0.8 Mt grading 57.9% Fe contained within the optimised pit shell design.

[5] Refer Gindalbie ASX release 7 August 2013

A summary of the *JORC Code*, 2012 Edition Table 1 for Shine is provided in Appendix B.

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Competent Person's Statements

Shine Exploration Results and Sampling
The information in this report that relates to Exploration Results including sampling techniques and data is based on information compiled by Ian Shackleton, who is a member of the Australian Institute of Geoscientists. Ian Shackleton is a full time employee of Gindalbie Metals Ltd, and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ian Shackleton consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Shine Mineral Resource
The information in this report that relates to Mineral Resources is based on information compiled by John Graindorge, who is a Chartered Professional and Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). John Graindorge is a full-time employee of Snowden Mining Industry Consultants Pty Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. John Graindorge consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Shine Ore Reserves
The information in this report that relates to Ore Reserves and Production Targets is based on information compiled by Steve O'Dea, who is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Steve O'Dea is a full-time employee of Coffey Mining Pty Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Steve O'Dea consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Information material to understanding the Shine Hematite Mineral Resource

Geology, style and nature of the mineralisation

The Shine deposit is located along a north-northwest trending, sub-vertical banded iron formation (BIF), which is part of the Windanning Formation. The Windanning Formation comprises interbedded jaspilitic BIF, chert, felsic volcanics and volcanoclastic rocks, with minor basalt. The BIF forms a prominent ridge which is approximately 50m to 90m wide in the Shine area. A sequence of mafic, ultramafic and pelitic sediments bounds the BIF to the east, while a talc-rich ultramafic schist occurs to the west of the BIF.

Iron mineralisation at the Shine deposit occurs as secondary hematite-goethite in the upper portions of the BIF, with magnetite occurring at depth below the base of oxidation which is approximately 100 m below surface.

The mineralisation is sub-parallel to the bedding and occurs along 1.7 km of the BIF in two sub-parallel zones which are up to 30m wide in places.

Of the two mineralised zones, the eastern zone is more continuous and typically thicker, averaging approximately 25m in thickness, than the western zone, which is around 10m thick, reducing to 1 to 2m in places.

Drilling, sampling and assay techniques

The majority of the sample information for the Shine deposit is derived from reverse circulation (RC) drilling (154 holes), which comprises 87% of the total drilled metres. The remainder of the drilling (23 holes) was diamond core drilling. Drilling was conducted between 2007 and 2012.

The deposit has been drilled largely on a nominal drillhole spacing of 50mN by 25mE with holes drilled at an inclination of approximately 60° towards the west.

RC sampling (wet and dry) is predominately undertaken using a cone splitter. Two samples are collected in calico bags for each 1m interval, along with a single bag for the reject material, which are stored in green plastic bags. Diamond drill core is sampled and assayed using either quarter, half or full core.

The sample preparation involves oven drying, followed by crushing to a nominal particle size of 3 mm and pulverising the sample to a nominal 90% passing 105 µm. A 0.66 g sub-sample is collected from the pulp and fused with flux to form a glass bead and analysed for Fe, SiO_2, Al_2O_3, P, CaO, K_2O, MgO, MnO, S, Na_2O and TiO_2 using X-Ray fluorescence ("XRF").

Loss on ignition (LOI) analysis is undertaken by thermogravimetric analysis ("TGA") at 1000°C using a separate pre-dried portion (2 to 3 g) of the sample pulp.

A total of 106,541 measurements of density from downhole geophysical measurements were collected at approximately 10 cm intervals

Criteria used for Mineral Resource classification

The resource classification scheme adopted for the August 2012 Shine Mineral Resource estimate, and the January 2014 update, is:

- The hematite mineralisation was classified as a Measured Resource where the drilling density was 50 mN by 25 mE (or less) and the hematite mineralisation shows good geological continuity.
- The hematite mineralisation was classified as an Indicated Resource where the drilling density was greater than 50 mN by 25 mE but less than 100 mN by 25 mE and the hematite mineralisation shows reasonable geological continuity.
- The remainder of the hematite mineralisation was classified as an Inferred Resource due to structural complexity and the narrow, discontinuous geometry of the mineralisation.
- The magnetite mineralisation was classified as an Inferred Resource.

Geological interpretation and estimation methodology

The lithological units identified in the Shine deposit area were interpreted by Gindalbie based on the geological logging and geochemistry. The lithological units have been classified into the following three domains:

- A northern and southern, flat-lying silica cap.
- Banded iron formation.
- An east-west striking, shallow dipping, narrow dolerite dyke at depth.

The lithological units have been reviewed by Mt Gibson, with cross sections shown in Figures 3 to 5 in Appendix A.

The hematite-goethite mineralisation was interpreted by Gindalbie based on a nominal 50% Fe cut-off, along with the geological and geophysical logging. The interpreted mineralised envelopes have been reviewed by Mount Gibson.

The drillhole data was coded within the geological wireframes and composited prior to running the estimation process using a 1 metre composite interval to minimise any bias due to sample length. The compositing was run within the geological domains to ensure that no composite intervals crossed any lithological or grade boundaries.

Variograms were generated to assess the grade continuity of the various elements and as inputs to the kriging algorithm used to interpolate grades. Snowden Supervisor software was used to generate and model the variograms.

For the hematite mineralisation domain, top-cuts were applied to CaO, K_2O, MgO, MnO, S and TiO_2 grades to prevent overestimation and smearing of outlier values into the surrounding blocks.

Snowden estimated Fe, SiO_2, Al_2O_3, P, LOI, CaO, K_2O, MgO, MnO, Na_2O, S and TiO_2 grades using ordinary block kriging for all domains with hard domain boundaries.

In situ bulk density values for the July 2012 Shine resource estimate were estimated into the block model using ordinary kriging based on the downhole geophysical measurements, which were composited to 1 m intervals.

For blocks in areas where there was insufficient downhole geophysical density measurements to reliably estimate the bulk density, a default value was assigned based on the average within each domain. The mean bulk density of the hematite mineralisation is 2.72 t/m^3 which Snowden believes is reasonable for this style of mineralisation.

Cut-off grades

The Fe mineralisation within the hematite was reported above a 55% Fe cut-off grade. 55% Fe is provided by Mount Gibson in line with its initial assessment of products which could be produced at Shine, and is supported by the Reserve Estimate conducted by Coffey Mining.

Snowden believes that the cut-off grade is reasonable for the hematite mineralisation.

There are no further mining, metallurgical or other material modifying factors to consider in the Shine Mineral Resource estimate.

Information material to understanding the Shine Ore Reserves

In December 2013, Mount Gibson engaged Coffey Mining Pty Ltd ("Coffey") to estimate an Ore Reserve for the Shine deposit based on the Mineral Resource estimate completed by Snowden. The work included a review of an economic evaluation of mining the Mineral Resource previously undertaken by Gindalbie, with Haulage and Rail costs re-evaluated to reflect Mount Gibson ownership.

The Total Proved and Probable Hematite Ore Reserve is estimated at 5.6 Mt at an average grade of 59.3% Fe using a cut-off grade of 55% Fe. Mineral Resources are inclusive of Ore Reserves. Ore Reserves are defined as the mined material which is delivered to the ROM which will be crushed and sold as a DSO product.

Material assumptions and the outcomes of project studies

Coffey's study was completed to a Pre-Feasibility Study level of accuracy, sufficient for the estimation of an Ore Reserve. Coffey's review found the exploration, geological interpretation, and resource optimisation work completed for the project to have been robust and carried out to industry standard.

A number of economic and logistic studies were used as inputs and applied to Whittle Four-X optimisation software to undertake pit optimisation work based on the total Mineral Resource. The major assumptions for pit optimisation were geotechnical parameters, mining and logistics costs and price assumptions.

Operating cost is based on mining contractor quotations procured by Coffey. Other operating cost assumptions, including transport and port charges, reflect actual costs at Mount Gibson's Extension Hill and Tallering Peak iron ore mining and export operations in the Mid West.

Capital cost estimates for the Ore Reserve estimation were provided by Mount Gibson. The study assumes existing infrastructure will be used for road haul, rail and port, with only minor road upgrades required.

The evaluation was predicated on conventional open pit mining of oxide hematite material to deliver two product ranges: a high grade direct shipping ore (DSO) iron product grading in excess of 57% Fe and a medium grade DSO product grading 55-57% Fe, with a lump to fines ratio of 30:70.

A separate low grade material product grading less than 55% Fe will also be mined and stockpiled. This study assumes this product will not be processed or sold with current cut-off grades reflecting the requirements to achieve DSO product specifications

Revenue and price assumptions were based on price and US dollar exchange rate forecasts by specialist independent commodity forecaster CRU, and Mount Gibson's experience and long standing customer arrangements. A state royalty rate of 7.5% was applied.

Outputs from the mine design have been used in an economic model to confirm the validity of the optimisation and economic viability of the project. Coffey expressed high confidence in the study inputs and determined the project exhibits a significant positive net present value (NPV).

The Mineral Resource on which the Ore Reserves are based and criteria used in the classification

The Ore Reserve classification was derived from the classification of the Mineral Resource estimated by Snowden in August 2012, and reviewed and updated in January 2014. Material classified as Measured and Indicated Mineral Resources that is located within the final pit mine design, adjusted by recovery and dilution, is converted to Proved and Probable Ore Reserves respectively.

Portions of the Measured and Indicated Mineral Resource outside the pit design have not been included in the Ore Reserve. Inferred resources have not been considered in the optimisation and Ore Reserve estimation.

Coffey optimised the deposit to develop a pit design and estimate a Proved and Probable Ore Reserve of 5.6Mt at an average grade of 59.3% Fe using a cut-off grade of 55% Fe.

The mining method selected, mining assumptions, recovery and dilution factors

The study assumes conventional open pit mining with drill and blast, load and haul typical to mining carried out in Western Australia. The economic model has assumed the engagement of a mining contractor; however the option of owner mining is also valid as Mount Gibson will also consider an owner-operator approach using existing mobile fleet.

A regularised block model size was used for the Ore Reserve based on 10mE by 25mN by 10mRL block size, and minimum mining width of 20m. Recovery and dilution of 98% and 2% respectively have been applied to the mine design via the regularised block model.

The processing method and assumptions

Processing will comprise crushing and screening on site to produce approximately 1.6 million tonnes per annum of lump and fines products typical to the Iron Ore industry. In pit grade control, post crushing sampling and stockpile management will be used achieve products with grades and deleterious elements within specification.

Ore Reserve cut off grades

Cut-off grades are based on production of saleable Direct Shipping Ore (DSO) product.

- A cut-off grade of 57% Fe has been applied to deliver a High Grade product with an average grade of 60.5% Fe.
- A second cut-off grade of 55% Fe has been applied to enable the production of a Medium Grade product with an average grade of 56.5% Fe.

Estimation methodology

The Ore Reserve is the economically mineable portion of the Measured and Indicated Mineral Resource estimated by Snowden in August 2012, and updated in January 2014. The Mineral Resource was estimated for Fe, SiO_2, Al_2O_3, P, LOI, CaO, K_2O, MgO, MnO, Na_2O, S and TiO_2 grades and density using ordinary block kriging for all domains with hard domain boundaries.

Status of environmental approvals, mining tenements and infrastructure requirements for transportation to market

The project has secured key regulatory approvals, with only minor approvals still to be finalised and no regulatory impediments or other major impediments to its development and operation identified. Approvals to date include Mining Proposal, Mine Closure Plan, s18 Consent granted under the *Aboriginal Heritage Act 1972* (WA), and the Environmental Protection Authority's approval for Clearing of 103 ha within the Shine Development Envelope.

Permits still to be finalised largely relate to vegetation clearing and shire approvals for the proposed haul route and works approvals for the mining area.

The project is located within a defined area over portions of three mining leases over which Mount Gibson has all iron rights through a contractual agreement with the tenement holder.

Existing infrastructure will be used for road haul, rail and port, to transport the product to market as per Mount Gibson's existing operations in the Mid West.

APPENDIX A – Project information

Figure 1: Shine Iron Ore Project – proximity to infrastructure and Mount Gibson assets

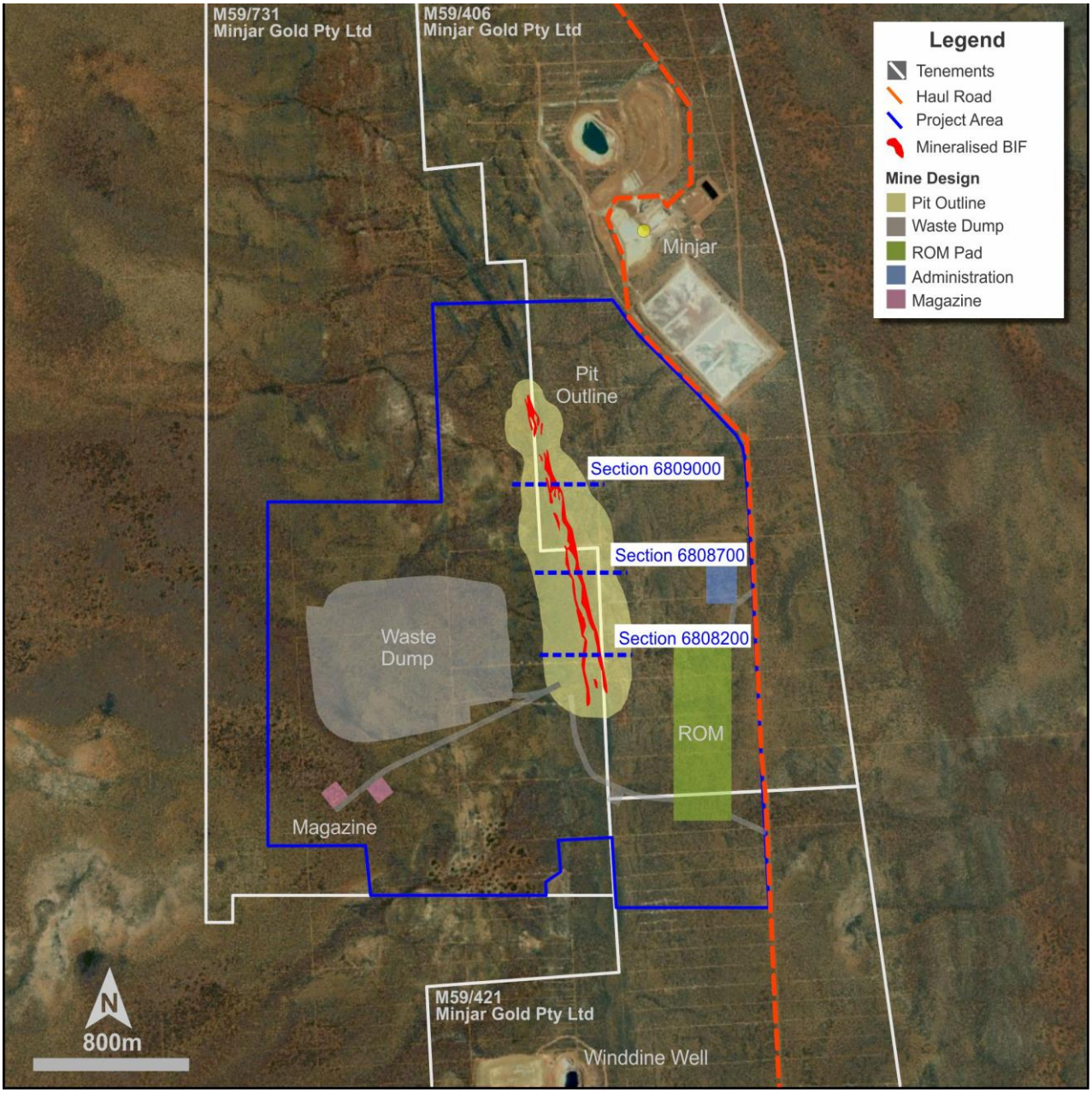

Figure 2: Shine Project Area, showing indicative site layout.

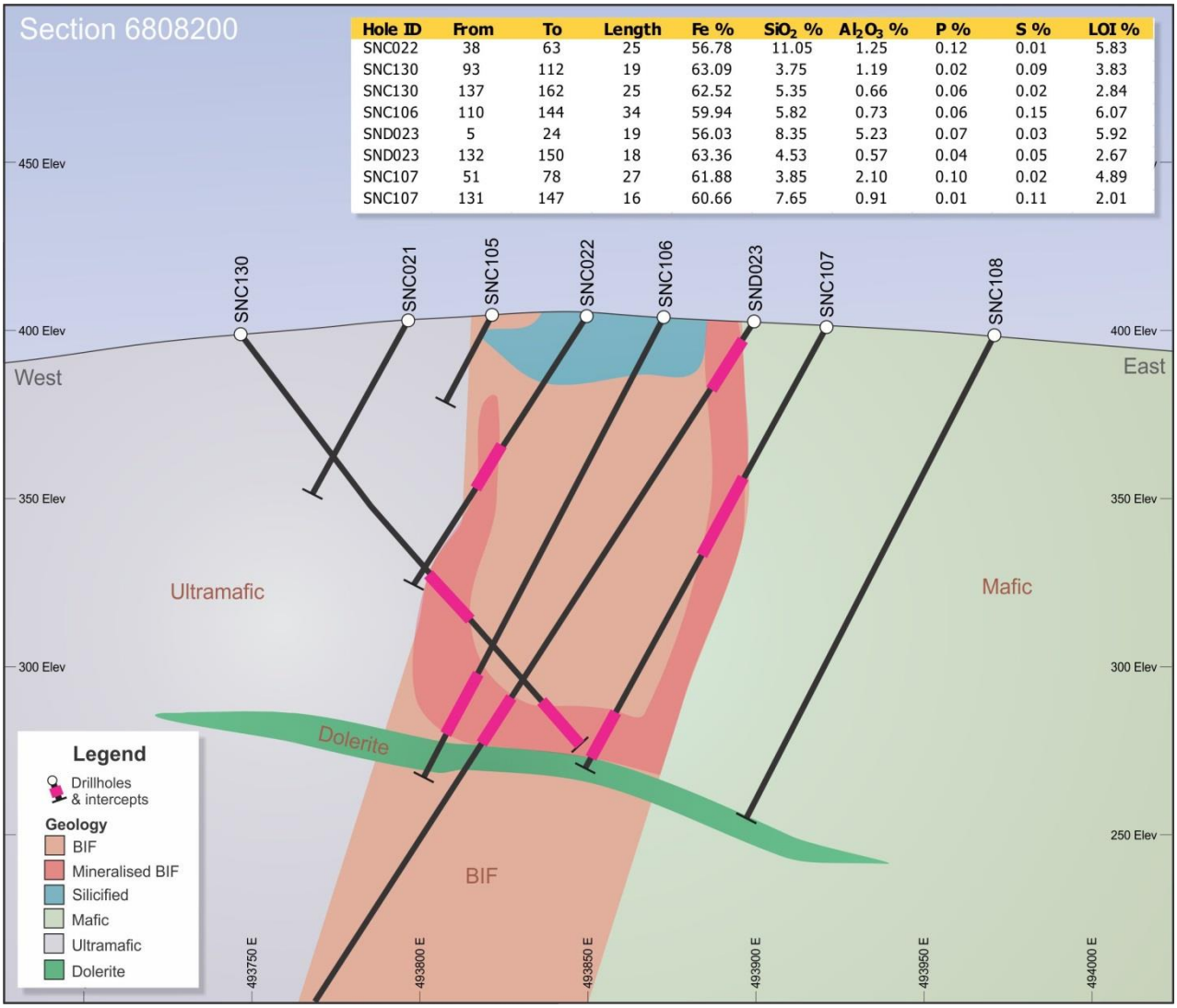

Figure 3: East-west cross-section illustrating the lithology and mineralisation domains

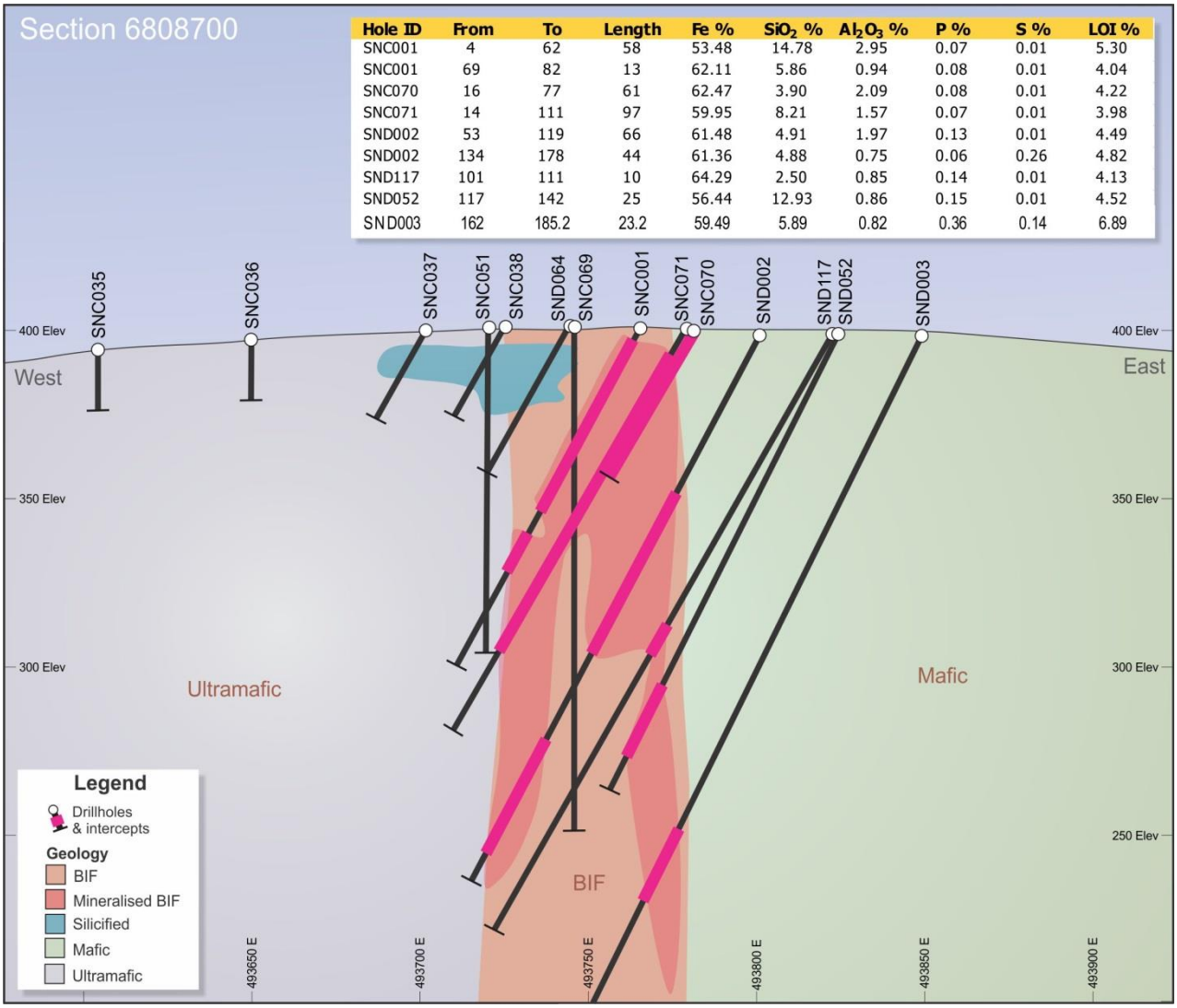

Figure 4: East-west cross-section illustrating the lithology and mineralisation domains

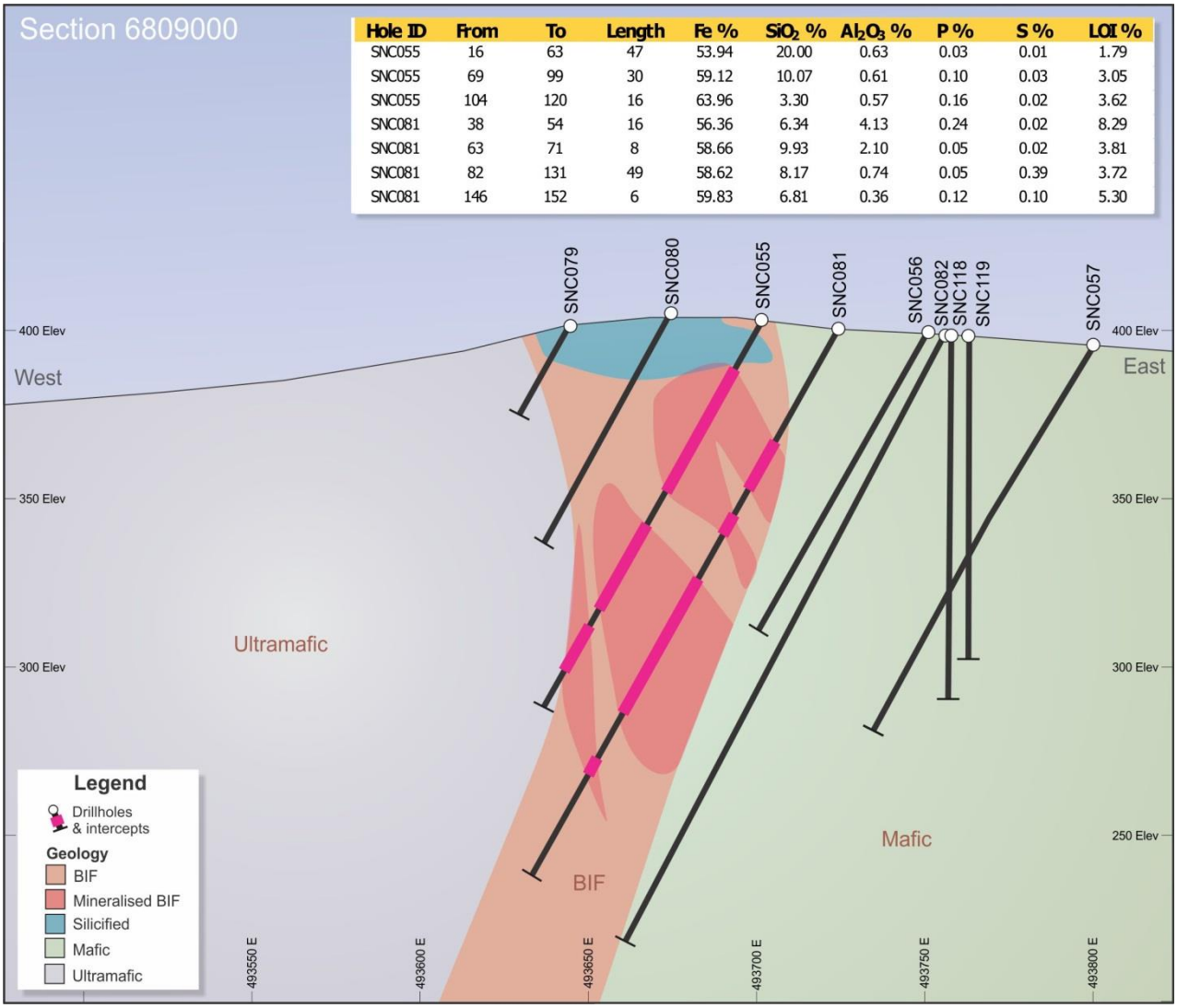

Figure 5: East-west cross-section illustrating the lithology and mineralisation domains

APPENDIX B – Summary of Information Material to understanding the Mineral Resource and Ore Reserve

Section 1 Sampling Techniques and Data

Criteria in this section apply to all succeeding sections.

Item	Commentary
Sampling techniques	The bulk of the data used for resource estimation is based on the logging and sampling of RC drilling. RC samples (wet and dry) were collected at 1 m intervals using a cone splitter. Within the hematite mineralisation 33% of the samples are recorded as either wet or damp. Diamond drillcore was half-core or quarter-core sampled using the same nominal sample interval.
Drilling techniques	The majority of drilling was completed using RC holes (87 % of drilling) with a 140 mm face sampling hammer. The remaining holes (13% of drilling) were completed using diamond drilling of HQ and PQ diameter.
Drill sample recovery	Sample recovery information for the RC drilling is indicative only but suggests that the majority of samples have achieved a moderate to high sample recovery. It is not possible to comment on the relationship between grade and recovery due to the subjective nature of the recovery information.
Logging	Drilling at depth confirms the geological continuity of the mapped outcrop of banded iron formation. Qualitative logging of all drillholes in their entirety was completed. Logging of drillhole samples was done with sufficient detail to meet the requirements of resource estimation and mining studies.
Sub-sampling techniques and sample preparation	RC drill samples (33% of mineralised samples recorded as damp or wet) were collected using a cone splitter. Diamond core was generally half-core or quarter-core sampled. Drilling was sampled using a 1m sampling interval. Three analytical laboratories have been used for the sample preparation and XRF analysis – Amdel Ltd in Perth and Adelaide, along with Ultra Trace Pty Ltd in Perth. Sample preparation comprises oven drying and crushing to approximately 3 mm, followed by pulverising to 90% passing 105 µm. The sample sizes are considered to be appropriate to correctly represent the mineralisation based on the style of mineralisation (massive hematite), the thickness and consistency of intersections and the drilling methodology.
Quality of assay data and laboratory tests	Samples assayed for typical iron ore suite of elements and compounds by XRF. Loss on ignition (LOI) by thermogravimetric analyser at 1,000°C. In-house standards and field duplicates were inserted into the sample batches (nominal rate of 1:50 for standards and 1:25 for field duplicates) to monitor sampling and assaying quality. Snowden's analysis of the QAQC data for the Shine deposit did not identify any significant issues with the assay data which could be material to the resource estimate.
Verification of sampling and assaying	Snowden has not conducted any independent verification of the assay data. All data was collected electronically and stored in a SQL database with appropriate validation procedures. No adjustments or calibrations were made to any assay data used in the estimate, apart from resetting below detection limit values to half positive detection. No twinned diamond core holes have been completed to validate the RC drilling results.
Location of data points	The grid is based on the MGA 94 Zone 50 grid datum. Collar locations are surveyed routinely by a contract surveyor using RTK GPS. Downhole surveys were collected for the majority of drillholes using gyro techniques, which is not effected by the magnetism of the BIF host rock, at 5 m or 10 m intervals. Topography wireframe based on 2 m contours.

Item	Commentary
Data spacing and distribution	The drilling was completed along a set of east-west trending sections. The section spacing is approximately 50 m apart with drillholes spaced 25 m apart on section. This section spacing is sufficient to establish the degree of geological and grade continuity necessary to support the resource classifications that were applied. The drilling was composited downhole using a 1 m interval.
Orientation of data in relation to geological structure	Holes are predominately drilled at an inclination of 60° towards the west. Some holes drilled towards the east at similar inclination. The location and orientation of the Shine drilling is appropriate given the strike and morphology of the iron mineralisation.
Sample security	No specific measures have been taken to ensure sample security. Once received at the laboratory, samples were compared by the laboratory to the sample dispatch documents. Snowden does not believe that sample security poses a material risk to the integrity of the assay data used in the Mineral Resource estimate.
Audits and reviews	Mount Gibson and Snowden are not aware of any audits or reviews for the Shine deposit, other than the due diligence conducted by Mount Gibson in the acquisition

Section 2 Reporting of Exploration Results

(Criteria listed in section 1, and where relevant, in sections 3 and 4, also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	Gindalbie are the vendors of the project to Mount Gibson. The Shine Project area is defined by an area previously agreed between the tenement holder "Minjar Gold" and the vendors Gindalbie who have iron mineral rights over the tenure. The Shine Project Area is over parts of 3 mining leases M59/406, M59/421 and M59/731.
Exploration done by other parties	Exploration for Iron at the Shine Project Area has only been conducted by Gindalbie.
Geology	The Shine deposit is located along a north-northwest trending, sub-vertical banded iron formation (BIF), which is part of the Windanning Formation. The BIF forms a prominent ridge which is approximately 50m to 90m wide in the Shine area. A sequence of mafic, ultramafic and pelitic sediments bounds the BIF to the east, while a talc-rich ultramafic schist occurs to the west of the BIF.
Drill hole Information	The majority of the drilling has been Reverse Circulation, with some diamond holes drilled for metallurgical and geotechnical assessment. Specific drillhole information is not considered material as Mineral resource has been previously reported in August 2012, and there has been no additional drilling since late 2012.
Data aggregation methods	1 metre composited samples have been used in the Mineral Resource Estimate
Relationship between mineralisation widths and intercept lengths	As the mineralisation is near vertical drilling at 60^{o} or greater does give some intercept lengths up to 1.5 times the width of mineralisation. See Figures 3 to 5 in Appendix A for a diagrammatical examples.
Diagrams	Figures 2 to 5 in Appendix A show site layout and cross sections of the deposit.
Balanced reporting	Not applicable as a Mineral resource has been estimated.
Other substantive exploration data	There is no other substantive work or data.
Further work	A future drill program to increase confidence throughout the Mineral Resource is planned. This will include RC drilling, particularly in the inferred areas, and diamond drilling for metallurgical test work.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Item	Commentary
Database integrity	All data collected electronically and stored in a SQL database with appropriate data validation procedures. The database was managed by Gindalbie, and has now been transferred to Mount Gibson. Snowden undertook a basic check of the data for potential errors as a preliminary step to compiling the resource estimate. No significant flaws were identified.
Site visits	John Graindorge (Principal Consultant, Snowden) visited the Shine site in February 2012, reviewing the drilling and sampling, along with the general site geology, including outcropping BIF and iron mineralisation.
Geological interpretation	The iron mineralisation has been interpreted based on a mixture of Fe threshold grades and the geological and geophysical logging. Iron mineralisation occurs as hematite-goethite in the upper portions of the BIF, with magnetite occurring at depth below the base of oxidation which is approximately 100 m below surface. The boundary between the hematite and magnetite is interpreted to occur over a relatively narrow zone (a few meters) and as such no transitional zone was modelled. An east-west striking, shallow dipping, narrow dolerite dyke is interpreted which stopes out the mineralisation. The northern and southern areas of the BIF and associated iron mineralisation are covered by a siliceous capping (a product of near-surface weathering processes), which thickens to the north and south (i.e. this zone is thinnest in the central parts of the deposit). Outcrops of the iron mineralisation and various lithologies, confirms the validity of the geological interpretation based on the drilling. Alternative interpretations of the mineralisation are unlikely to significantly change the overall volume of the Fe mineralised envelopes in terms of the reported classified resources at a 55% Fe cut-off.
Dimensions	The Shine deposit is hosted within a north-south trending BIF. The mineralisation parallels the stratigraphy, trends roughly north-south and is sub-vertical, with a total strike length of about 1.7 km. The mineralisation occurs in two sub-parallel zones which are up to 30 m wide in places.
Estimation and modelling techniques	Estimation of Fe, SiO_2, Al_2O_3, P, LOI, CaO, K_2O, MgO, MnO, S and TiO_2 using ordinary block kriging for all domains with hard domain boundaries. Block model constructed using a parent cell size of 10 mE by 25 mN by 10 mRL. The search ellipse orientation and radius was based on the results of the grade continuity analysis, with the same search neighbourhood parameters used for all elements to maintain the metal balance and correlations between elements. An initial search of 200 m along strike by 40 m down dip by 20 m thick was used, with a minimum of 10 and maximum of 40 samples. Hematite and magnetite mineralisation was modelled, along with the host rock domains. Due to insufficient samples, the narrow dolerite domain was assigned default grades for all elements based on the available sample data. Block estimates were validated against the input composite data both globally and locally. Snowden previously estimated the Shine resource in November 2011.
Moisture	All tonnages have been estimated as dry tonnages.
Cut-off parameters	The iron mineralisation within the hematite was reported above a 55% Fe cut-off grade. The cut-off grade was provided by Mount Gibson and is based on the assumption that the Shine deposit will be mined by open pit mining methods and that costs will be similar to existing mines operated by Mount Gibson (e.g. Extension Hill and Tallering Peak). Snowden believes that the cut-off grade is reasonable for the hematite mineralisation. The iron mineralisation within the magnetite was reported above a 0% Fe cut-off grade as it is assumed that this material will require some form of beneficiation to upgrade the material to a saleable product.
Mining factors and assumptions	It is assumed the deposit will be mined using open cut methods.

Item	Commentary
Metallurgical factors and assumptions	It is assumed that the hematite ore will be direct shipping with minimal processing required (crushing and screening only). Magnetite mineralisation will likely require beneficiation to produce a concentrate.
Environmental factors and assumptions	It is assumed that no environmental factors exist that could prohibit any potential mining development at the Shine deposit.
Density	The bulk density was estimated into the model blocks using ordinary kriging based on downhole geophysical logging. The average bulk density value (2.72 t/m^3) is reasonable for hematite mineralisation. There were no bulk density measurements within the magnetite mineralised domain and therefore the mean bulk density of the hematite mineralisation (2.72 t/m^3) was applied.
Classification	The resources have been classified based on the continuity of both the geology and the Fe grades, along with the drillhole spacing and data quality. The hematite resource has been classified as a combination of Measured, Indicated and Inferred. – The hematite mineralisation was classified as a Measured Resource where the drilling density was 50 mN by 25 mE (or less) and the hematite mineralisation shows good geological continuity. – The hematite mineralisation was classified as an Indicated Resource where the drilling density was greater than 50 mN by 25 mE but less than 100 mN by 25 mE and the hematite mineralisation shows reasonable geological continuity. – The remainder of the hematite mineralisation was classified as an Inferred Resource due to structural complexity and the narrow, discontinuous geometry of the mineralisation. Magnetite mineralisation is classified in its entirety as Inferred due to the low number of samples and early stage of metallurgical testing.
Audits and reviews	No external reviews or audits have been completed.
Discussion of relative accuracy / confidence	The block model grade estimates were validated against the drillhole composites to ensure that the model reflects the local input data.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Item	Commentary
Mineral Resource estimate for conversion to Ore Reserves	The Ore Reserve is based on the Mineral Resource Estimate, August 2012, and the JORC 2012 Update completed by Snowden in January 2014. The Mineral Resources are inclusive of Ore Reserves.
Site visits	The Competent Person responsible for the Ore Reserve estimate has not visited the Project site. No site visit was deemed necessary as the site is a 'greenfields' site with no existing mine workings and or site specific mine infrastructure being present.
Study status	As at the date of this Ore Reserve Estimate the requirement for a Pre-Feasibility Study has not been mandated by JORC/ASIC. While a prefeasibility study has not been completed *per se* there is sufficient information and completed studies to determine an economically viable and technically achievable estimate of an Ore Reserve.
Cut-off parameters	Cut-off grades are based on production of saleable Direct Shipping Ore (DSO) product. A cut-off grade of 57%Fe has been applied to deliver a High Grade product with an average grade of >60%Fe. A second cut-off grade of 55%Fe has been applied to enable the production of a Medium Grade product.
Mining factors or assumptions	The Project has been assessed with a view to conventional open pit selective mining employing a mining contractor. Owner operator mining is also applicable to this style of operation. A detailed mine design has been completed based on Whittle 4X optimisation and contract mining budget prices. Typical small scale open pit mining methods are appropriate for the deposit. Geotechnical parameters are based on the Dempers & Seymour "Shine Project – Pit Slope Design, Draft Report, June 2013". This report identifies five geotechnical domains with each domain further subdivided into RL ranges. The report recommends an interamp slope angle, batter height and angle, as well as berm width for each RL range in each domain. The interamp slope angles identified range from 43° to 48°. Batter heights range from 4m to 20m with proposed face angles of 50°, 55°, or 60°. Berm widths are 5m-6m in the upper ranges reducing to 2m for lower batter heights. Major assumptions for pit optimisation are geotechnical parameters, mining and logistics costs as well as price assumptions. A base mining cost has been applied, adjusted for depth as follows: ○ Above 400mRL (average surface level) - $0.03/bench (10m height) ○ Below 400mRL - $0.04/bench Dilution of 2% with 98% recovery has been assumed integral to the block model. A minimum mining width of 20m is used. The optimisation included approximately 13% Inferred material which has been treated as waste for the economic assessment. The Project considers the use of an existing rail haulage facility within 200km road haulage from the mine. The Project is dependent on an existing port facility.
Metallurgical factors or assumptions	Mount Gibson plans to utilize a process plant with a rated capacity of 1.6Mtpa. Processing will be crushing and screening only typical of DSO Iron Ore. Crushing will occur on-site to produce lump and fines products for transport via rail to port for export. The DSO lump and fines material meet the product specifications required to be marketable.
Environmental	The project has secured key regulatory approvals, including environmental. There will be a process of transferring some government approvals into the name of Mount Gibson but no encumbrances are expected.
Infrastructure	The Project will utilise existing infrastructure
Costs	Capital costs have been provided by Mount Gibson totalling $9 to $11 million. Operating costs are based on mining contractor budget quotations. Indicative average total cash operating costs estimated at approximately $75 per

Item	Commentary
	tonne of ore sold, exclusive of State Government royalties. Deleterious elements present in the product are of negligible levels which will not affect the project viability. A single exchange rate of 0.86 is used for the study due to the short life of the project. The exchange rate is based on the CRU forecasts. Transport charges are based on existing costs for similar products in similar locations. No consideration has been made for failure to meet specification as there is no indication that this would occur. There is a WA state government royalty of 7.5%.
Revenue factors	Revenue is based on CRU forecasts and modelled product grades US exchange rates were based on the CRU forecasts.
Market assessment	The global market for DSO hematite is large relative to the Shine Hematite Ore Reserve with future consumption trends implying ongoing demand The hematite market is diverse and increasingly transparent. Competitor analysis is not deemed necessary to enable confidence in market assessment. Price forecasts have been completed independently.
Economic	The Project economics are directly related to the mining and logistics and derived from quotations and existing costs. Confidence in the inputs is high. The Project exhibits a significant positive NPV. Sensitivities are the cost of mining, cost of transport and value of the product.
Social	The Project is a fully approved typical mine for the location and no impediments to its operation are known
Other	All conditions precedent have been met by Gindalbie and Mount Gibson. The project has been sold in its entirety to Mount Gibson in February 2014. Marketing and product sale arrangements will be made prior to the commencement of mining.
Classification	Classification is based on geological confidence. The deposit is typical of small hematite deposits with conventional mining appropriate for the Project. No Measured Resources have been classified as Probable.
Audits or reviews	No audits have been undertaken on the Reserve.
Discussion of relative accuracy/ confidence	The accuracy of the Ore Reserve is based on regularising the Mineral Resource block model into 10m x 25m x 10m mining blocks. This process maintains the confidence level of the Mineral Resource at a practical mining blocks size. The Project economics are directly related to the mining and logistics and derived from quotations and existing costs. Confidence in the inputs is high.